



Rep. Michael J. Zalewski

Filed: 6/27/2017

10000SB1531ham002

LRB100 05772 AMC 27755 a

1 AMENDMENT TO SENATE BILL 1531

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1531 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Lottery Law is amended by changing  
5 Sections 2, 9.1, and 20 and by adding Sections 21.10 and 21.11  
6 as follows:

7 (20 ILCS 1605/2) (from Ch. 120, par. 1152)

8 Sec. 2. This Act is enacted to implement and establish  
9 within the State a lottery to be conducted by the State through  
10 the Department. The entire net proceeds of the Lottery are to  
11 be used for the support of the State's Common School Fund,  
12 except as provided in subsection (o) of Section 9.1 and  
13 Sections 21.5, 21.6, 21.7, 21.8, ~~and~~ 21.9, 21.10, and 21.11.  
14 The General Assembly finds that it is in the public interest  
15 for the Department to conduct the functions of the Lottery with  
16 the assistance of a private manager under a management

1 agreement overseen by the Department. The Department shall be  
2 accountable to the General Assembly and the people of the State  
3 through a comprehensive system of regulation, audits, reports,  
4 and enduring operational oversight. The Department's ongoing  
5 conduct of the Lottery through a management agreement with a  
6 private manager shall act to promote and ensure the integrity,  
7 security, honesty, and fairness of the Lottery's operation and  
8 administration. It is the intent of the General Assembly that  
9 the Department shall conduct the Lottery with the assistance of  
10 a private manager under a management agreement at all times in  
11 a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1),  
12 1953(b)(4).

13 (Source: P.A. 98-649, eff. 6-16-14; 99-933, eff. 1-27-17.)

14 (20 ILCS 1605/9.1)

15 Sec. 9.1. Private manager and management agreement.

16 (a) As used in this Section:

17 "Offeror" means a person or group of persons that responds  
18 to a request for qualifications under this Section.

19 "Request for qualifications" means all materials and  
20 documents prepared by the Department to solicit the following  
21 from offerors:

22 (1) Statements of qualifications.

23 (2) Proposals to enter into a management agreement,  
24 including the identity of any prospective vendor or vendors  
25 that the offeror intends to initially engage to assist the

1 offeror in performing its obligations under the management  
2 agreement.

3 "Final offer" means the last proposal submitted by an  
4 offeror in response to the request for qualifications,  
5 including the identity of any prospective vendor or vendors  
6 that the offeror intends to initially engage to assist the  
7 offeror in performing its obligations under the management  
8 agreement.

9 "Final offeror" means the offeror ultimately selected by  
10 the Governor to be the private manager for the Lottery under  
11 subsection (h) of this Section.

12 (b) By September 15, 2010, the Governor shall select a  
13 private manager for the total management of the Lottery with  
14 integrated functions, such as lottery game design, supply of  
15 goods and services, and advertising and as specified in this  
16 Section.

17 (c) Pursuant to the terms of this subsection, the  
18 Department shall endeavor to expeditiously terminate the  
19 existing contracts in support of the Lottery in effect on the  
20 effective date of this amendatory Act of the 96th General  
21 Assembly in connection with the selection of the private  
22 manager. As part of its obligation to terminate these contracts  
23 and select the private manager, the Department shall establish  
24 a mutually agreeable timetable to transfer the functions of  
25 existing contractors to the private manager so that existing  
26 Lottery operations are not materially diminished or impaired

1 during the transition. To that end, the Department shall do the  
2 following:

3 (1) where such contracts contain a provision  
4 authorizing termination upon notice, the Department shall  
5 provide notice of termination to occur upon the mutually  
6 agreed timetable for transfer of functions;

7 (2) upon the expiration of any initial term or renewal  
8 term of the current Lottery contracts, the Department shall  
9 not renew such contract for a term extending beyond the  
10 mutually agreed timetable for transfer of functions; or

11 (3) in the event any current contract provides for  
12 termination of that contract upon the implementation of a  
13 contract with the private manager, the Department shall  
14 perform all necessary actions to terminate the contract on  
15 the date that coincides with the mutually agreed timetable  
16 for transfer of functions.

17 If the contracts to support the current operation of the  
18 Lottery in effect on the effective date of this amendatory Act  
19 of the 96th General Assembly are not subject to termination as  
20 provided for in this subsection (c), then the Department may  
21 include a provision in the contract with the private manager  
22 specifying a mutually agreeable methodology for incorporation.

23 (c-5) The Department shall include provisions in the  
24 management agreement whereby the private manager shall, for a  
25 fee, and pursuant to a contract negotiated with the Department  
26 (the "Employee Use Contract"), utilize the services of current

1 Department employees to assist in the administration and  
2 operation of the Lottery. The Department shall be the employer  
3 of all such bargaining unit employees assigned to perform such  
4 work for the private manager, and such employees shall be State  
5 employees, as defined by the Personnel Code. Department  
6 employees shall operate under the same employment policies,  
7 rules, regulations, and procedures, as other employees of the  
8 Department. In addition, neither historical representation  
9 rights under the Illinois Public Labor Relations Act, nor  
10 existing collective bargaining agreements, shall be disturbed  
11 by the management agreement with the private manager for the  
12 management of the Lottery.

13 (d) The management agreement with the private manager shall  
14 include all of the following:

15 (1) A term not to exceed 10 years, including any  
16 renewals.

17 (2) A provision specifying that the Department:

18 (A) shall exercise actual control over all  
19 significant business decisions;

20 (A-5) has the authority to direct or countermand  
21 operating decisions by the private manager at any time;

22 (B) has ready access at any time to information  
23 regarding Lottery operations;

24 (C) has the right to demand and receive information  
25 from the private manager concerning any aspect of the  
26 Lottery operations at any time; and

1 (D) retains ownership of all trade names,  
2 trademarks, and intellectual property associated with  
3 the Lottery.

4 (3) A provision imposing an affirmative duty on the  
5 private manager to provide the Department with material  
6 information and with any information the private manager  
7 reasonably believes the Department would want to know to  
8 enable the Department to conduct the Lottery.

9 (4) A provision requiring the private manager to  
10 provide the Department with advance notice of any operating  
11 decision that bears significantly on the public interest,  
12 including, but not limited to, decisions on the kinds of  
13 games to be offered to the public and decisions affecting  
14 the relative risk and reward of the games being offered, so  
15 the Department has a reasonable opportunity to evaluate and  
16 countermand that decision.

17 (5) A provision providing for compensation of the  
18 private manager that may consist of, among other things, a  
19 fee for services and a performance based bonus as  
20 consideration for managing the Lottery, including terms  
21 that may provide the private manager with an increase in  
22 compensation if Lottery revenues grow by a specified  
23 percentage in a given year.

24 (6) (Blank).

25 (7) A provision requiring the deposit of all Lottery  
26 proceeds to be deposited into the State Lottery Fund except

1 as otherwise provided in Section 20 of this Act.

2 (8) A provision requiring the private manager to locate  
3 its principal office within the State.

4 (8-5) A provision encouraging that at least 20% of the  
5 cost of contracts entered into for goods and services by  
6 the private manager in connection with its management of  
7 the Lottery, other than contracts with sales agents or  
8 technical advisors, be awarded to businesses that are a  
9 minority owned business, a female owned business, or a  
10 business owned by a person with disability, as those terms  
11 are defined in the Business Enterprise for Minorities,  
12 Females, and Persons with Disabilities Act.

13 (9) A requirement that so long as the private manager  
14 complies with all the conditions of the agreement under the  
15 oversight of the Department, the private manager shall have  
16 the following duties and obligations with respect to the  
17 management of the Lottery:

18 (A) The right to use equipment and other assets  
19 used in the operation of the Lottery.

20 (B) The rights and obligations under contracts  
21 with retailers and vendors.

22 (C) The implementation of a comprehensive security  
23 program by the private manager.

24 (D) The implementation of a comprehensive system  
25 of internal audits.

26 (E) The implementation of a program by the private

1 manager to curb compulsive gambling by persons playing  
2 the Lottery.

3 (F) A system for determining (i) the type of  
4 Lottery games, (ii) the method of selecting winning  
5 tickets, (iii) the manner of payment of prizes to  
6 holders of winning tickets, (iv) the frequency of  
7 drawings of winning tickets, (v) the method to be used  
8 in selling tickets, (vi) a system for verifying the  
9 validity of tickets claimed to be winning tickets,  
10 (vii) the basis upon which retailer commissions are  
11 established by the manager, and (viii) minimum  
12 payouts.

13 (10) A requirement that advertising and promotion must  
14 be consistent with Section 7.8a of this Act.

15 (11) A requirement that the private manager market the  
16 Lottery to those residents who are new, infrequent, or  
17 lapsed players of the Lottery, especially those who are  
18 most likely to make regular purchases on the Internet as  
19 permitted by law.

20 (12) A code of ethics for the private manager's  
21 officers and employees.

22 (13) A requirement that the Department monitor and  
23 oversee the private manager's practices and take action  
24 that the Department considers appropriate to ensure that  
25 the private manager is in compliance with the terms of the  
26 management agreement, while allowing the manager, unless



1 specifically prohibited by law or the management  
2 agreement, to negotiate and sign its own contracts with  
3 vendors.

4 (14) A provision requiring the private manager to  
5 periodically file, at least on an annual basis, appropriate  
6 financial statements in a form and manner acceptable to the  
7 Department.

8 (15) Cash reserves requirements.

9 (16) Procedural requirements for obtaining the prior  
10 approval of the Department when a management agreement or  
11 an interest in a management agreement is sold, assigned,  
12 transferred, or pledged as collateral to secure financing.

13 (17) Grounds for the termination of the management  
14 agreement by the Department or the private manager.

15 (18) Procedures for amendment of the agreement.

16 (19) A provision requiring the private manager to  
17 engage in an open and competitive bidding process for any  
18 procurement having a cost in excess of \$50,000 that is not  
19 a part of the private manager's final offer. The process  
20 shall favor the selection of a vendor deemed to have  
21 submitted a proposal that provides the Lottery with the  
22 best overall value. The process shall not be subject to the  
23 provisions of the Illinois Procurement Code, unless  
24 specifically required by the management agreement.

25 (20) The transition of rights and obligations,  
26 including any associated equipment or other assets used in

1 the operation of the Lottery, from the manager to any  
2 successor manager of the lottery, including the  
3 Department, following the termination of or foreclosure  
4 upon the management agreement.

5 (21) Right of use of copyrights, trademarks, and  
6 service marks held by the Department in the name of the  
7 State. The agreement must provide that any use of them by  
8 the manager shall only be for the purpose of fulfilling its  
9 obligations under the management agreement during the term  
10 of the agreement.

11 (22) The disclosure of any information requested by the  
12 Department to enable it to comply with the reporting  
13 requirements and information requests provided for under  
14 subsection (p) of this Section.

15 (e) Notwithstanding any other law to the contrary, the  
16 Department shall select a private manager through a competitive  
17 request for qualifications process consistent with Section  
18 20-35 of the Illinois Procurement Code, which shall take into  
19 account:

20 (1) the offeror's ability to market the Lottery to  
21 those residents who are new, infrequent, or lapsed players  
22 of the Lottery, especially those who are most likely to  
23 make regular purchases on the Internet;

24 (2) the offeror's ability to address the State's  
25 concern with the social effects of gambling on those who  
26 can least afford to do so;

1           (3) the offeror's ability to provide the most  
2           successful management of the Lottery for the benefit of the  
3           people of the State based on current and past business  
4           practices or plans of the offeror; and

5           (4) the offeror's poor or inadequate past performance  
6           in servicing, equipping, operating or managing a lottery on  
7           behalf of Illinois, another State or foreign government and  
8           attracting persons who are not currently regular players of  
9           a lottery.

10          (f) The Department may retain the services of an advisor or  
11          advisors with significant experience in financial services or  
12          the management, operation, and procurement of goods, services,  
13          and equipment for a government-run lottery to assist in the  
14          preparation of the terms of the request for qualifications and  
15          selection of the private manager. Any prospective advisor  
16          seeking to provide services under this subsection (f) shall  
17          disclose any material business or financial relationship  
18          during the past 3 years with any potential offeror, or with a  
19          contractor or subcontractor presently providing goods,  
20          services, or equipment to the Department to support the  
21          Lottery. The Department shall evaluate the material business or  
22          financial relationship of each prospective advisor. The  
23          Department shall not select any prospective advisor with a  
24          substantial business or financial relationship that the  
25          Department deems to impair the objectivity of the services to  
26          be provided by the prospective advisor. During the course of

1 the advisor's engagement by the Department, and for a period of  
2 one year thereafter, the advisor shall not enter into any  
3 business or financial relationship with any offeror or any  
4 vendor identified to assist an offeror in performing its  
5 obligations under the management agreement. Any advisor  
6 retained by the Department shall be disqualified from being an  
7 offeror. The Department shall not include terms in the request  
8 for qualifications that provide a material advantage whether  
9 directly or indirectly to any potential offeror, or any  
10 contractor or subcontractor presently providing goods,  
11 services, or equipment to the Department to support the  
12 Lottery, including terms contained in previous responses to  
13 requests for proposals or qualifications submitted to  
14 Illinois, another State or foreign government when those terms  
15 are uniquely associated with a particular potential offeror,  
16 contractor, or subcontractor. The request for proposals  
17 offered by the Department on December 22, 2008 as  
18 "LOT08GAMESYS" and reference number "22016176" is declared  
19 void.

20 (g) The Department shall select at least 2 offerors as  
21 finalists to potentially serve as the private manager no later  
22 than August 9, 2010. Upon making preliminary selections, the  
23 Department shall schedule a public hearing on the finalists'  
24 proposals and provide public notice of the hearing at least 7  
25 calendar days before the hearing. The notice must include all  
26 of the following:

1 (1) The date, time, and place of the hearing.

2 (2) The subject matter of the hearing.

3 (3) A brief description of the management agreement to  
4 be awarded.

5 (4) The identity of the offerors that have been  
6 selected as finalists to serve as the private manager.

7 (5) The address and telephone number of the Department.

8 (h) At the public hearing, the Department shall (i) provide  
9 sufficient time for each finalist to present and explain its  
10 proposal to the Department and the Governor or the Governor's  
11 designee, including an opportunity to respond to questions  
12 posed by the Department, Governor, or designee and (ii) allow  
13 the public and non-selected offerors to comment on the  
14 presentations. The Governor or a designee shall attend the  
15 public hearing. After the public hearing, the Department shall  
16 have 14 calendar days to recommend to the Governor whether a  
17 management agreement should be entered into with a particular  
18 finalist. After reviewing the Department's recommendation, the  
19 Governor may accept or reject the Department's recommendation,  
20 and shall select a final offeror as the private manager by  
21 publication of a notice in the Illinois Procurement Bulletin on  
22 or before September 15, 2010. The Governor shall include in the  
23 notice a detailed explanation and the reasons why the final  
24 offeror is superior to other offerors and will provide  
25 management services in a manner that best achieves the  
26 objectives of this Section. The Governor shall also sign the

1 management agreement with the private manager.

2 (i) Any action to contest the private manager selected by  
3 the Governor under this Section must be brought within 7  
4 calendar days after the publication of the notice of the  
5 designation of the private manager as provided in subsection  
6 (h) of this Section.

7 (j) The Lottery shall remain, for so long as a private  
8 manager manages the Lottery in accordance with provisions of  
9 this Act, a Lottery conducted by the State, and the State shall  
10 not be authorized to sell or transfer the Lottery to a third  
11 party.

12 (k) Any tangible personal property used exclusively in  
13 connection with the lottery that is owned by the Department and  
14 leased to the private manager shall be owned by the Department  
15 in the name of the State and shall be considered to be public  
16 property devoted to an essential public and governmental  
17 function.

18 (l) The Department may exercise any of its powers under  
19 this Section or any other law as necessary or desirable for the  
20 execution of the Department's powers under this Section.

21 (m) Neither this Section nor any management agreement  
22 entered into under this Section prohibits the General Assembly  
23 from authorizing forms of gambling that are not in direct  
24 competition with the Lottery.

25 (n) The private manager shall be subject to a complete  
26 investigation in the third, seventh, and tenth years of the

1 agreement (if the agreement is for a 10-year term) by the  
2 Department in cooperation with the Auditor General to determine  
3 whether the private manager has complied with this Section and  
4 the management agreement. The private manager shall bear the  
5 cost of an investigation or reinvestigation of the private  
6 manager under this subsection.

7 (o) The powers conferred by this Section are in addition  
8 and supplemental to the powers conferred by any other law. If  
9 any other law or rule is inconsistent with this Section,  
10 including, but not limited to, provisions of the Illinois  
11 Procurement Code, then this Section controls as to any  
12 management agreement entered into under this Section. This  
13 Section and any rules adopted under this Section contain full  
14 and complete authority for a management agreement between the  
15 Department and a private manager. No law, procedure,  
16 proceeding, publication, notice, consent, approval, order, or  
17 act by the Department or any other officer, Department, agency,  
18 or instrumentality of the State or any political subdivision is  
19 required for the Department to enter into a management  
20 agreement under this Section. This Section contains full and  
21 complete authority for the Department to approve any contracts  
22 entered into by a private manager with a vendor providing  
23 goods, services, or both goods and services to the private  
24 manager under the terms of the management agreement, including  
25 subcontractors of such vendors.

26 Upon receipt of a written request from the Chief

1 Procurement Officer, the Department shall provide to the Chief  
2 Procurement Officer a complete and un-redacted copy of the  
3 management agreement or any contract that is subject to the  
4 Department's approval authority under this subsection (o). The  
5 Department shall provide a copy of the agreement or contract to  
6 the Chief Procurement Officer in the time specified by the  
7 Chief Procurement Officer in his or her written request, but no  
8 later than 5 business days after the request is received by the  
9 Department. The Chief Procurement Officer must retain any  
10 portions of the management agreement or of any contract  
11 designated by the Department as confidential, proprietary, or  
12 trade secret information in complete confidence pursuant to  
13 subsection (g) of Section 7 of the Freedom of Information Act.  
14 The Department shall also provide the Chief Procurement Officer  
15 with reasonable advance written notice of any contract that is  
16 pending Department approval.

17 Notwithstanding any other provision of this Section to the  
18 contrary, the Chief Procurement Officer shall adopt  
19 administrative rules, including emergency rules, to establish  
20 a procurement process to select a successor private manager if  
21 a private management agreement has been terminated. The  
22 selection process shall at a minimum take into account the  
23 criteria set forth in items (1) through (4) of subsection (e)  
24 of this Section and may include provisions consistent with  
25 subsections (f), (g), (h), and (i) of this Section. The Chief  
26 Procurement Officer shall also implement and administer the



1 adopted selection process upon the termination of a private  
2 management agreement. The Department, after the Chief  
3 Procurement Officer certifies that the procurement process has  
4 been followed in accordance with the rules adopted under this  
5 subsection (o), shall select a final offeror as the private  
6 manager and sign the management agreement with the private  
7 manager.

8 Except as provided in Sections 21.5, 21.6, 21.7, 21.8, ~~and~~  
9 21.9, 21.10, and 21.11, the Department shall distribute all  
10 proceeds of lottery tickets and shares sold in the following  
11 priority and manner:

12 (1) The payment of prizes and retailer bonuses.

13 (2) The payment of costs incurred in the operation and  
14 administration of the Lottery, including the payment of  
15 sums due to the private manager under the management  
16 agreement with the Department.

17 (3) On the last day of each month or as soon thereafter  
18 as possible, the State Comptroller shall direct and the  
19 State Treasurer shall transfer from the State Lottery Fund  
20 to the Common School Fund an amount that is equal to the  
21 proceeds transferred in the corresponding month of fiscal  
22 year 2009, as adjusted for inflation, to the Common School  
23 Fund.

24 (4) On or before the last day of each fiscal year,  
25 deposit any remaining proceeds, subject to payments under  
26 items (1), (2), and (3) into the Capital Projects Fund each

1 fiscal year.

2 (p) The Department shall be subject to the following  
3 reporting and information request requirements:

4 (1) the Department shall submit written quarterly  
5 reports to the Governor and the General Assembly on the  
6 activities and actions of the private manager selected  
7 under this Section;

8 (2) upon request of the Chief Procurement Officer, the  
9 Department shall promptly produce information related to  
10 the procurement activities of the Department and the  
11 private manager requested by the Chief Procurement  
12 Officer; the Chief Procurement Officer must retain  
13 confidential, proprietary, or trade secret information  
14 designated by the Department in complete confidence  
15 pursuant to subsection (g) of Section 7 of the Freedom of  
16 Information Act; and

17 (3) at least 30 days prior to the beginning of the  
18 Department's fiscal year, the Department shall prepare an  
19 annual written report on the activities of the private  
20 manager selected under this Section and deliver that report  
21 to the Governor and General Assembly.

22 (Source: P.A. 98-463, eff. 8-16-13; 98-649, eff. 6-16-14;  
23 99-933, eff. 1-27-17.)

24 (20 ILCS 1605/20) (from Ch. 120, par. 1170)  
25 Sec. 20. State Lottery Fund.

1 (a) There is created in the State Treasury a special fund  
2 to be known as the "State Lottery Fund". Such fund shall  
3 consist of all revenues received from (1) the sale of lottery  
4 tickets or shares, (net of commissions, fees representing those  
5 expenses that are directly proportionate to the sale of tickets  
6 or shares at the agent location, and prizes of less than \$600  
7 which have been validly paid at the agent level), (2)  
8 application fees, and (3) all other sources including moneys  
9 credited or transferred thereto from any other fund or source  
10 pursuant to law. Interest earnings of the State Lottery Fund  
11 shall be credited to the Common School Fund.

12 (b) The receipt and distribution of moneys under Section  
13 21.5 of this Act shall be in accordance with Section 21.5.

14 (c) The receipt and distribution of moneys under Section  
15 21.6 of this Act shall be in accordance with Section 21.6.

16 (d) The receipt and distribution of moneys under Section  
17 21.7 of this Act shall be in accordance with Section 21.7.

18 (e) The receipt and distribution of moneys under Section  
19 21.8 of this Act shall be in accordance with Section 21.8.

20 (f) The receipt and distribution of moneys under Section  
21 21.9 of this Act shall be in accordance with Section 21.9.

22 (g) The receipt and distribution of moneys under Section  
23 21.10 of this Act shall be in accordance with Section 21.10.

24 (h) The receipt and distribution of moneys under Section  
25 21.11 of this Act shall be in accordance with Section 21.11.

26 (Source: P.A. 98-649, eff. 6-16-14.)

1 (20 ILCS 1605/21.10 new)

2 Sec. 21.10. Scratch-off for State police memorials.

3 (a) The Department shall offer a State police memorial  
4 special instant scratch-off game. The game shall commence on  
5 January 1, 2018 or as soon thereafter, at the discretion of the  
6 Director, as is reasonably practical. The operation of the game  
7 shall be governed by this Act and any rules adopted by the  
8 Department. If any provision of this Section is inconsistent  
9 with any other provision of this Act, then this Section  
10 governs.

11 (b) The net revenue from the State police memorial special  
12 instant scratch-off game shall be deposited into the Criminal  
13 Justice Information Projects Fund and distributed equally, as  
14 soon as practical but at least on a monthly basis, to the  
15 Chicago Police Memorial Foundation Fund, the Police Memorial  
16 Committee Fund, and the Illinois State Police Memorial Fund.  
17 Moneys transferred to the funds under this Section shall be  
18 used, subject to appropriation, to fund grants for building and  
19 maintaining memorials and parks; holding annual memorial  
20 commemorations; giving scholarships to children of officers  
21 killed or catastrophically injured in the line of duty, or  
22 those interested in pursuing a career in law enforcement; and  
23 providing financial assistance to police officers and their  
24 families when a police officer is killed or injured in the line  
25 of duty.

1       Moneys collected from the State police memorial special  
2 instant scratch-off game shall be used only as a supplemental  
3 financial resource and shall not supplant existing moneys that  
4 may be appropriated under Section 9.1 of the Illinois Criminal  
5 Justice Information Act.

6       For purposes of this subsection, "net revenue" means the  
7 total amount for which tickets have been sold less the sum of  
8 the amount paid out in the prizes and the actual administrative  
9 expenses of the Department solely related to the scratch-off  
10 game under this Section.

11       (c) During the time that tickets are sold for the State  
12 police memorial special instant scratch-off game, the  
13 Department shall not unreasonably diminish the efforts devoted  
14 to marketing any other instant scratch-off lottery game.

15       (d) The Department may adopt any rules necessary to  
16 implement and administer the provisions of this Section.

17       (20 ILCS 1605/21.11 new)

18       Sec. 21.11. Scratch-off for Catholic Charities of the  
19 Archdiocese of Chicago's Basic Human Needs Services.

20       (a) The Department shall offer a special instant  
21 scratch-off game to benefit the Catholic Charities of the  
22 Archdiocese of Chicago's Basic Human Needs Services. The game  
23 shall commence on January 1, 2018 or as soon thereafter, at the  
24 discretion of the Director, as is reasonably practical. The  
25 operation of the game shall be governed by this Act and any

1 rules adopted by the Department. If any provision of this  
2 Section is inconsistent with any other provision of this Act,  
3 then this Section governs.

4 (b) The Basic Human Needs Revenue Fund is created as a  
5 special fund in the State treasury. The net revenue from the  
6 scratch-off game to benefit the Catholic Charities of the  
7 Archdiocese of Chicago's Basic Human Needs Services shall be  
8 deposited into the Basic Human Needs Revenue Fund. Moneys  
9 deposited into the Basic Human Needs Revenue Fund under this  
10 Section shall be used, subject to appropriation, by the  
11 Department of Human Services to fund grants to the Catholic  
12 Charities of the Archdiocese of Chicago's Basic Human Needs  
13 Services.

14 For purposes of this subsection, "net revenue" means the  
15 total amount for which tickets have been sold less the sum of  
16 the amount paid out in the prizes and the actual administrative  
17 expenses of the Department solely related to the scratch-off  
18 game under this Section.

19 (c) During the time that tickets are sold for the  
20 scratch-off game to benefit the Catholic Charities of the  
21 Archdiocese of Chicago's Basic Human Needs Services, the  
22 Department shall not unreasonably diminish the efforts devoted  
23 to marketing any other instant scratch-off lottery game.

24 (d) The Department may adopt any rules necessary to  
25 implement and administer the provisions of this Section.

1 Section 10. The Illinois Criminal Justice Information Act  
2 is amended by changing Section 9.1 as follows:

3 (20 ILCS 3930/9.1)

4 Sec. 9.1. Criminal Justice Information Projects Fund. The  
5 Criminal Justice Information Projects Fund is hereby created as  
6 a special fund in the State Treasury. Grants and other moneys  
7 obtained by the Authority from governmental entities (other  
8 than the federal government), private sources, and  
9 not-for-profit organizations for use in investigating criminal  
10 justice issues or undertaking other criminal justice  
11 information projects, or pursuant to the uses identified in  
12 Section 21.10 of the Illinois Lottery Law, shall be deposited  
13 into the Fund. Moneys in the Fund may be used by the Authority,  
14 subject to appropriation, for undertaking such projects and for  
15 the operating and other expenses of the Authority incidental to  
16 those projects. Any interest earned on moneys in the Fund must  
17 be deposited into the Fund.

18 (Source: P.A. 88-538.)

19 Section 15. The State Finance Act is amended by adding  
20 Section 5.878 as follows:

21 (30 ILCS 105/5.878 new)

22 Sec. 5.878. The Basic Human Needs Revenue Fund.

1 Section 20. If and only if House Bill 479 of the 100th  
2 General Assembly becomes law in the form in which it passed the  
3 Senate on May 31, 2017, then the State Finance Act is amended  
4 by adding Section 5.879 as follows:

5 (30 ILCS 105/5.879 new)

6 Sec. 5.879. The Mental Health Services Fund.

7 Section 25. If and only if House Bill 479 of the 100th  
8 General Assembly becomes law in the form in which it passed the  
9 Senate on May 31, 2017, then the Department of Healthcare and  
10 Family Services Law of the Civil Administrative Code of  
11 Illinois is amended by adding Section 2205-17 as follows:

12 (20 ILCS 2205/2205-17 new)

13 Sec. 2205-17. The Mental Health Services Fund. The Mental  
14 Health Services Fund is created as a special fund in the State  
15 treasury. From appropriations to the Department of Healthcare  
16 and Family Services from the Fund, the Department of Healthcare  
17 and Family Services shall make grants to support mental health  
18 and addiction services in the State. Any federal Medicaid  
19 matching funds received by the Department of Healthcare and  
20 Family Services for the grants made under this Section shall be  
21 deposited into the Fund.

22 Section 30. If and only if House Bill 479 of the 100th



1 General Assembly becomes law in the form in which it passed the  
2 Senate on May 31, 2017, then the Fantasy Sports Contest Act is  
3 amended by changing Sections 1-20 and 1-55 as follows:

4 (100HB0479sam001, Sec. 1-20)

5 Sec. 1-20. Licensing.

6 (a) No interactive fantasy sports operator shall  
7 administer, manage, or otherwise make available an interactive  
8 fantasy sports platform to persons located in the State unless  
9 licensed by the Board under this Act.

10 (b) A qualified person may apply to the Board for an  
11 interactive fantasy sports operator license to conduct  
12 interactive fantasy sports contests as provided in this Act.  
13 The application shall be made on forms provided by the Board.  
14 The burden is upon each applicant to demonstrate suitability  
15 for licensure. Each interactive fantasy sports operator shall  
16 be licensed by the Board. The Board may issue a license for a  
17 period of up to 2 years or, in the case of interactive fantasy  
18 sports operators with annual interactive fantasy sports gross  
19 revenues less than \$100,000, for up to 3 years.

20 (b-5) An applicant is not qualified for licensure as an  
21 interactive fantasy sports operator unless the applicant has a  
22 physical nexus to the State of Illinois.

23 (c) Each person seeking and possessing a license as an  
24 interactive fantasy sports operator shall submit to a  
25 background investigation conducted by the Board with the

1 assistance of the State Police or other law enforcement. To the  
2 extent that the corporate structure of the applicant allows,  
3 the background investigation shall include any or all of the  
4 following as the Board deems appropriate or as provided by  
5 rule: (i) each beneficiary of a trust, (ii) each partner of a  
6 partnership, (iii) each member of a limited liability company,  
7 (iv) each director and officer of a publicly or non-publicly  
8 held corporation, (v) each stockholder of a non-publicly held  
9 corporation, (vi) each stockholder of 5% or more of a publicly  
10 held corporation, or (vii) each stockholder of 5% or more in a  
11 parent or subsidiary corporation.

12 (d) Each person seeking and possessing a license as an  
13 interactive fantasy sports operator shall disclose the  
14 identity of every person, association, trust, corporation, or  
15 limited liability company having a greater than 1% direct or  
16 indirect pecuniary interest in the interactive fantasy sports  
17 operator for which the license is sought. If the disclosed  
18 entity is a trust, the application shall disclose the names and  
19 addresses of the beneficiaries; if a corporation, the names and  
20 addresses of all stockholders and directors; if a limited  
21 liability company, the names and addresses of all members; or  
22 if a partnership, the names and addresses of all partners, both  
23 general and limited.

24 (e) All information, records, interviews, reports,  
25 statements, memoranda, or other data supplied to or used by the  
26 Board in the course of its review or investigation of an

1 application for a license or a renewal under this Act shall be  
2 privileged and strictly confidential and shall be used only for  
3 the purpose of evaluating an applicant for a license or a  
4 renewal. The information, records, interviews, reports,  
5 statements, memoranda, or other data shall not be admissible as  
6 evidence nor discoverable in any action of any kind in any  
7 court or before any tribunal, board, agency, or person, except  
8 for any action deemed necessary by the Board.

9 (f) No person may be licensed as an interactive fantasy  
10 sports operator if that person has been found by the Board to:

11 (1) have a background, including a criminal record,  
12 reputation, habits, social or business associations, or  
13 prior activities, that poses a threat to the public  
14 interests of the State or to the security and integrity of  
15 interactive fantasy sports contests;

16 (2) create or enhance the dangers of unsuitable,  
17 unfair, or illegal practices, methods, and activities in  
18 the conduct of interactive fantasy sports contests; or

19 (3) present questionable business practices and  
20 financial arrangements incidental to the conduct of  
21 interactive fantasy sports contests.

22 (f-5) A person seeking and possessing a license as an  
23 interactive fantasy sports operator may not simultaneously  
24 hold a license as a licensed sales agent under the Illinois  
25 Lottery Law, an owners licensee under the Riverboat Gambling  
26 Act, an organization licensee under the Illinois Horse Racing

1 Act of 1975, a licensed establishment, licensed fraternal  
2 establishment, licensed veterans establishment, or licensed  
3 truck stop establishment under the Video Gaming Act, or an  
4 Internet gaming licensee under the Internet Gaming Act.

5 (g) Any applicant for a license under this Act has the  
6 burden of proving his or her qualifications to the satisfaction  
7 of the Board. The Board may adopt rules to establish additional  
8 qualifications and requirements to preserve the integrity and  
9 security of interactive fantasy sports contests in this State.

10 (h) An interactive fantasy sports operator that has been  
11 operating in Illinois for at least 6 months on December 23,  
12 2015 may operate in Illinois until a final decision is rendered  
13 on the application for an interactive fantasy sports operator  
14 license.

15 (i) The Board, by rule, shall establish a process for  
16 license renewal.

17 (j) The Board shall publish a list of all interactive  
18 fantasy sports operators licensed in this State under this  
19 Section on the Board's website for public use.

20 (Source: 100HB0479sam001.)

21 (100HB0479sam001, Sec. 1-55)

22 Sec. 1-55. Disposition of taxes. The Board shall deposit  
23 ~~pay into the Education Assistance Fund~~ all taxes imposed by  
24 this Act, any interest and penalties imposed by the Board  
25 relating to those taxes, all penalties levied and collected by

1 the Board, and the appropriate funds, cash, or prizes forfeited  
2 from interactive fantasy sports contests into the Mental Health  
3 Services Fund.

4 (Source: 100HB0479sam001.)

5 Section 35. If and only if House Bill 479 of the 100th  
6 General Assembly becomes law in the form in which it passed the  
7 Senate on May 31, 2017, then the Internet Gaming Act is amended  
8 by changing Section 5-30 as follows:

9 (100HB0479sam001, Sec. 5-30)

10 Sec. 5-30. Certification of Internet gaming vendors. The  
11 Division is authorized to certify Internet gaming vendors to  
12 provide goods, software, or services to Internet gaming  
13 licensees. Certification by the Division of an Internet gaming  
14 vendor shall be for a period of 5 years and shall be renewable  
15 thereafter for an additional 5 years based on a determination  
16 by the Division that the Internet gaming vendor continues to  
17 meet all the requirements of this Act and the Division's rules.  
18 The Division shall have the sole and exclusive jurisdiction to  
19 determine what persons, corporations, partnerships, or other  
20 entities require certification under this Act and the rules  
21 adopted under this Act.

22 A person, corporation, partnership, or other entity may  
23 apply to the Division to become an Internet gaming vendor as  
24 provided in this Act and the rules of the Division. The

1 application shall be made on forms provided by the Division and  
2 shall contain such information as the Division prescribes,  
3 including, but not limited to, detailed information regarding  
4 the ownership and management of the applicant, detailed  
5 personal information regarding the applicant, financial  
6 information regarding the applicant, and the gaming history and  
7 experience of the applicant in the United States and other  
8 jurisdictions. Each application shall be accompanied by a  
9 non-refundable application fee, the amount of which shall be  
10 determined by the Division, but shall not exceed \$250,000. An  
11 incomplete application shall be cause for denial of  
12 certification. No certification shall be granted to an  
13 applicant for certification as an Internet gaming vendor if the  
14 applicant ~~who~~ has accepted wagers via the Internet in  
15 contravention of this Act or in contravention of any law of the  
16 United States in the 5-year period preceding the date of  
17 application.

18 All information, records, interviews, reports, statements,  
19 memoranda, or other data supplied to or used by the Division in  
20 the course of its review or investigation of an application for  
21 certification as an Internet gaming vendor is strictly  
22 confidential and shall only be used for the purpose of  
23 evaluating an applicant for a certification. Notwithstanding  
24 any law to the contrary, such information is subject to Section  
25 5.1 and subsection (d) of Section 6 of the Riverboat Gambling  
26 Act.

1 Any person, association, corporation, partnership, or  
2 entity who (i) knowingly makes materially false statements in  
3 order to obtain certification as an Internet gaming vendor or  
4 (ii) violates any other provision of this Act or any rule  
5 adopted under this Act is guilty of a Class B misdemeanor for a  
6 first offense and is guilty of a Class A misdemeanor for a  
7 second or subsequent offense. In the case of an association,  
8 corporation, partnership, or entity, imprisonment may be  
9 imposed upon its officers who knowingly participate in the  
10 violation.

11 The Board shall adopt rules to ensure that all licensees  
12 are treated and all licensees act in a non-discriminatory  
13 manner and develop processes and penalties to enforce those  
14 rules.

15 (Source: 100HB0479sam001.)

16 Section 97. Severability. The provisions of this Act are  
17 severable under Section 1.31 of the Statute on Statutes.

18 Section 99. Effective date. This Section and Sections 5,  
19 10, 15, and 97 of this Act take effect upon becoming law;  
20 Sections 20, 25, 30, and 35 of this Act take effect upon  
21 becoming law or on the date House Bill 479 of the 100th General  
22 Assembly takes effect, whichever is later."