



Rep. Michael J. Zalewski

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1 AMENDMENT TO SENATE BILL 1667

2 AMENDMENT NO. _____. Amend Senate Bill 1667 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Fantasy Sports Contest Act.

6 Section 5. Legislative intent.

7 (a) The General Assembly hereby finds and declares that:

8 (1) Interactive fantasy sports contests are contests
9 of skill in which fantasy or simulation teams are selected
10 based upon the skill and knowledge of the participants and
11 not based solely on the membership of an actual team.

12 (2) Interactive fantasy sports contests are not wagers
13 on future contingent events not under the contestants'
14 control or influence because contestants have control over
15 which players they choose and the outcome of each contest
16 is not dependent upon the performance of any one player or

1 any one actual team. The outcome of any interactive fantasy
2 sports contest does not correspond to the outcome of any
3 one real-life competitive event. Instead, the outcome
4 depends on how the performances of participants' fantasy
5 roster choices compared to the performance of others'
6 roster choices.

7 (b) Based on the findings in this Section, the General
8 Assembly declares that interactive fantasy sports contests do
9 not constitute gambling as defined in Section 28-1 of the
10 Criminal Code of 2012.

11 (c) The General Assembly further finds that as the Internet
12 has become an integral part of society, and interactive fantasy
13 sports contests a major form of entertainment for many
14 consumers, any interactive fantasy sports enforcement and
15 regulatory structure must begin from the bedrock premise that
16 participation in a lawful and licensed interactive fantasy
17 sports industry is a privilege and not a right, and that
18 regulatory oversight is intended to safeguard the integrity of
19 the games and participants and to ensure accountability and the
20 public trust.

21 Section 10. Definitions. As used in this Act:

22 "Authorized player" means an individual located in this
23 State that participates in an interactive fantasy sports
24 contest offered by an interactive fantasy sports operator.

25 "Beginner fantasy sports player" means an individual who is

1 at least 21 years of age and who has entered fewer than 51
2 interactive fantasy sports contests offered by a single
3 interactive fantasy sports operator.

4 "Board" means the Illinois Gaming Board.

5 "Collegiate sport or athletic event" means a sport or
6 athletic event offered or sponsored by or played in connection
7 with a public or private institution that offers education
8 services beyond the secondary level.

9 "Entry fee" means cash or cash equivalent that is paid by
10 an authorized player to an interactive fantasy sports operator
11 to participate in an interactive fantasy sports contest offered
12 by that interactive fantasy sports operator.

13 "High school sport or athletic event" means a sport or
14 athletic event offered or sponsored by or played in connection
15 with a public or private institution that offers education
16 services at the secondary level.

17 "Highly experienced player" means an authorized player who
18 has:

19 (1) entered more than 1,000 interactive fantasy sports
20 contests offered by a single interactive fantasy sports
21 operator; or

22 (2) won more than 3 prizes valued at \$1,000 each or
23 more from a single interactive fantasy sports operator.

24 "Interactive fantasy sports contest" means a fantasy
25 contest, in which:

26 (1) the value of all prizes and awards offered to

1 winning participants are established and made known to the
2 participants in advance of the contest and their value is
3 not determined by the number of participants or the amount
4 of any fees paid by those participants;

5 (2) all winning outcomes are determined predominantly
6 by accumulated statistical results of the performance of
7 individual athletes in real-world professional athletic
8 competitions; a professional athletic competition does not
9 include any amateur or collegiate level sport; and

10 (3) no winning outcome is based on the score, point
11 spread, or any performance or performances of any single
12 actual team or combination of such teams or solely on any
13 single performance of an individual athlete or player in
14 any single actual event.

15 "Interactive fantasy sports gross revenue" means the
16 amount equal to the total of all entry fees that an interactive
17 fantasy sports operator collects from all players, multiplied
18 by the location percentage for the State.

19 "Interactive fantasy sports operator" means a person or
20 entity that engages in the business of offering, by means of
21 the Internet, a smart phone application, or other similar
22 electronic or digital media or communication technologies,
23 multiple interactive fantasy sports contests to persons.

24 "Interactive fantasy sports platform" means any website,
25 smart phone application, or other portal providing access to an
26 interactive fantasy sports contest.

1 "Location percentage" means, for each interactive fantasy
2 sports contest, the percentage, rounded to the nearest tenth of
3 a percent, of the total entry fees collected by an interactive
4 fantasy sports operator from players located in this State,
5 divided by the total entry fees collected by an interactive
6 fantasy sports operator from all players in interactive fantasy
7 sports contests.

8 "Minor" means a person under the age of 21 years.

9 "Permitted sports event" means a professional sport or
10 athletic event or other competitive event. "Permitted sports
11 event" does not include a prohibited sports event.

12 "Prohibited sports event" means an amateur sport or
13 athletic event, a collegiate sport or athletic event, or a high
14 school sport or athletic event.

15 Section 15. Applicability. This Act and all rules adopted
16 under the authority of this Act shall apply only to interactive
17 fantasy sports contests for which an authorized player pays an
18 entry fee.

19 Section 20. Licensing.

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

24 (b) A qualified person may apply to the Board for an

1 interactive fantasy sports operator license to conduct
2 interactive fantasy sports contests as provided in this Act.
3 The application shall be made on forms provided by the Board.
4 The burden is upon each applicant to demonstrate suitability
5 for licensure. Each interactive fantasy sports operator shall
6 be licensed by the Board. The Board may issue a license for a
7 period of up to 2 years or, in the case of interactive fantasy
8 sports operators with annual interactive fantasy sports gross
9 revenues less than \$100,000, for up to 3 years.

10 (c) Each person seeking and possessing a license as an
11 interactive fantasy sports operator shall submit to a
12 background investigation conducted by the Board with the
13 assistance of the State Police or other law enforcement. To the
14 extent that the corporate structure of the applicant allows,
15 the background investigation shall include any or all of the
16 following as the Board deems appropriate or as provided by
17 rule: (i) each beneficiary of a trust, (ii) each partner of a
18 partnership, (iii) each member of a limited liability company,
19 (iv) each director and officer of a publicly or non-publicly
20 held corporation, (v) each stockholder of a non-publicly held
21 corporation, (vi) each stockholder of 5% or more of a publicly
22 held corporation, or (vii) each stockholder of 5% or more in a
23 parent or subsidiary corporation.

24 (d) Each person seeking and possessing a license as an
25 interactive fantasy sports operator shall disclose the
26 identity of every person, association, trust, corporation, or

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

10 (e) All information, records, interviews, reports,
11 statements, memoranda, or other data supplied to or used by the
12 Board in the course of its review or investigation of an
13 application for a license or a renewal under this Act shall be
14 privileged and strictly confidential and shall be used only for
15 the purpose of evaluating an applicant for a license or a
16 renewal. The information, records, interviews, reports,
17 statements, memoranda, or other data shall not be admissible as
18 evidence nor discoverable in any action of any kind in any
19 court or before any tribunal, board, agency, or person, except
20 for any action deemed necessary by the Board.

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

23 (1) have a background, including a criminal record,
24 reputation, habits, social or business associations, or
25 prior activities, that poses a threat to the public
26 interests of the State or to the security and integrity of

1 interactive fantasy sports contests;

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

5 (3) present questionable business practices and
6 financial arrangements incidental to the conduct of
7 interactive fantasy sports contests.

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

13 (h) An interactive fantasy sports operator that has been
14 operating in Illinois for at least 6 months on December 23,
15 2015 may operate in Illinois until a final decision is rendered
16 on the application for an interactive fantasy sports operator
17 license.

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

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

23 Section 25. Operators; required safeguards; minimum
24 standards.

25 (a) As a condition of licensure in this State, each

1 interactive fantasy sports operator shall implement and
2 maintain commercially reasonable measures to:

3 (1) limit each authorized player to one username and
4 one account and verify a fantasy sports player's true
5 identity;

6 (2) prohibit minors from participating in an
7 interactive fantasy sports contest, including:

8 (A) if the interactive fantasy sports operator
9 becomes or is made aware that a minor has participated
10 in one of its interactive fantasy sports contests,
11 promptly refund any deposit received from the minor,
12 whether or not the minor has engaged in or attempted to
13 engage in an interactive fantasy sports contest;
14 however, any refund may be offset by any prizes already
15 awarded;

16 (B) publishing and facilitating parental control
17 procedures to allow parents or guardians to exclude
18 minors from access to any interactive fantasy sports
19 contest or interactive fantasy sports platform; and

20 (C) taking appropriate steps to confirm that an
21 individual opening an account is not a minor;

22 (3) when referencing the likelihood of winning in
23 advertisements or upon interactive fantasy sports contest
24 entry, make clear and conspicuous statements that are not
25 inaccurate or misleading concerning the likelihood of
26 winning and the number of winners;

1 (4) enable authorized players to restrict themselves
2 from interactive fantasy sports contests and take
3 reasonable steps to prevent these players from entering an
4 interactive fantasy sports contest from which they have
5 excluded themselves; these restrictions shall include, but
6 not be limited to: (A) interactive fantasy sports contest
7 entry limits, (B) limiting play to interactive fantasy
8 sports contest with entry fees below an established limit,
9 and (C) self-imposed deposit limits less than allowed under
10 this Act; interactive fantasy sports operators shall
11 implement and prominently publish procedures for fantasy
12 sports players to implement the restrictions; fantasy
13 sports players shall have the option to adjust these limits
14 to make them more restrictive of gameplay as often as they
15 like, but shall not have the option to make limits less
16 restrictive of gameplay within 90 days after setting the
17 limits;

18 (5) offer introductory procedures for authorized
19 players, that shall be prominently displayed on the
20 interactive fantasy sports operator's interactive fantasy
21 sports platform, that explain interactive fantasy sports
22 contest play and how to identify a highly experienced
23 player;

24 (6) identify all highly experienced players in an
25 interactive fantasy sports contest by a symbol attached to
26 the players' user names, or by other easily visible means,

1 on all interactive fantasy sports platforms supported by an
2 interactive fantasy sports operator;

3 (7) disclose the number of entries a single authorized
4 player may submit to each interactive fantasy sports
5 contest;

6 (8) disclose the maximum number of total entries
7 allowed for each interactive fantasy sports contest;

8 (9) implement measures to comply with all applicable
9 State and federal requirements for data security,
10 including, but not limited to, age verification and
11 location software;

12 (10) offer all authorized players access to his or her
13 account history and account details;

14 (11) ensure funds in fantasy sports players' accounts
15 are held in segregated accounts by the interactive fantasy
16 sports operators for the fantasy sports players that
17 establish the accounts; interactive fantasy sports
18 operators shall implement and prominently publish
19 procedures that:

20 (A) prevent unauthorized withdrawals from fantasy
21 sports player accounts by interactive fantasy sports
22 operators or others;

23 (B) prevent commingling of funds in a fantasy
24 sports player's account with other funds, including,
25 without limitation, funds of the interactive fantasy
26 sports operator; fantasy sports player funds shall be

1 segregated from interactive fantasy sports operators'
2 operational funds and any other funds held by the
3 interactive fantasy sports operator; and

4 (C) address reporting on complaints by fantasy
5 sports players that their accounts have been
6 misallocated, compromised, or otherwise mishandled;

7 (12) provide on the interactive fantasy sports
8 platform, in a prominent place, information concerning
9 assistance for compulsive play;

10 (13) prohibit the extension of credit from an
11 interactive fantasy sports operator to an authorized
12 player;

13 (14) develop policies to prevent the use of proxy
14 servers for the purpose of misrepresenting a player's
15 location in order to engage in interactive fantasy sports
16 contests; and

17 (15) prevent one fantasy sports player from acting as a
18 proxy for another.

19 (b) No interactive fantasy sports operator employee,
20 principal, officer, director, or contractor shall play any
21 interactive fantasy sports contest offered to the general
22 public or play in such contest through another person as a
23 proxy. For the purposes of this subsection (b), a contractor is
24 limited to a contractor who can access information of an
25 interactive fantasy sports operator related to the conduct of
26 an interactive fantasy sports contest that is not available to

1 other fantasy sports players. Interactive fantasy sports
2 operators shall make these restrictions known to all affected
3 individuals and corporate entities.

4 (c) No interactive fantasy sports operator employee,
5 principal, officer, director, or contractor shall disclose
6 confidential information that may affect interactive fantasy
7 sports contest gameplay to any person permitted to engage in
8 interactive fantasy sports contest gameplay. Interactive
9 fantasy sports operators shall make these restrictions known to
10 all affected individuals and corporate entities.

11 (d) No interactive fantasy sports operator shall allow a
12 professional athlete whose individual statistics or
13 performance may be used to determine any part of the outcome of
14 any interactive fantasy sports contest to enter interactive
15 fantasy sports contests in the sports in which he or she
16 participates. An interactive fantasy sports operator shall
17 take commercially reasonable efforts to prevent a sports agent,
18 team employee, referee, or league official associated with any
19 competition that is the subject of interactive fantasy sports
20 contests to enter interactive fantasy sports contests in the
21 sport in which he or she participates, nor shall such athlete,
22 sports agent, team official, team representative, referee, or
23 league official play through another person as a proxy.

24 (1) Interactive fantasy sports operators shall take
25 commercially reasonable efforts to obtain lists of persons
26 described in this subsection (d) for the purpose of

1 implementing this subsection (d).

2 (2) Interactive fantasy sports operators, upon
3 learning of a violation of this subsection (d), shall bar
4 the individual committing the violation from playing in any
5 interactive fantasy sports contest by suspending the
6 individual's account and banning the individual from
7 further play, shall terminate any existing promotional
8 agreements with the individual, and shall refuse to make
9 any new promotional agreements that compensate the
10 individual.

11 (3) Interactive fantasy sports operators shall make
12 these restrictions known to all affected individuals and
13 corporate entities.

14 (e) Each interactive fantasy sports operator shall:

15 (1) ensure the value of any prizes and awards offered
16 to authorized players are established and made known to the
17 players in advance of the interactive fantasy sports
18 contest;

19 (2) ensure all winning outcomes reflect the relative
20 knowledge and skill of the authorized players and are
21 determined predominantly by accumulated statistical
22 results of the performance of individuals in permitted
23 sports events;

24 (3) ensure no winning outcome is based on the score,
25 point spread, or performance of a single sports team, or a
26 combination of sports teams;

1 (4) ensure no winning outcome is based solely on a
2 single performance of an individual athlete in a single
3 sport or athletic event; and

4 (5) ensure no interactive fantasy sports contest is
5 based on a prohibited sports event.

6 (f) Interactive fantasy sports operators shall implement
7 and prominently publish procedures that allow any fantasy
8 sports player to permanently close an account at any time and
9 for any reason. The procedures shall allow for cancellation by
10 any means, including, without limitation, by a fantasy sports
11 player on any interactive fantasy sports contest used by that
12 fantasy sports player to make deposits into a fantasy sports
13 player account. A copy of an interactive fantasy sports
14 operator's procedures shall be submitted to the Board and any
15 changes shall be submitted within 30 days.

16 (g) When a fantasy sports player account is closed, the
17 interactive fantasy sports operator shall refund all funds in
18 the account no later than 5 business days after submission of
19 the request or 10 business days after submission of any tax
20 reporting information required by law, whichever is later,
21 unless the interactive fantasy sports operator makes a good
22 faith determination that the fantasy sports player engaged in
23 fraudulent or other conduct that would constitute a violation
24 of this Act, rules adopted pursuant to this Act, or the
25 interactive fantasy sports operator's policies, in which case,
26 upon notice to the fantasy sports player of that determination,

1 the withdrawal may be held pending a reasonable investigative
2 period to resolve its investigation. For the purposes of this
3 subsection (g), a request for withdrawal shall be considered
4 honored if it is processed by the interactive fantasy sports
5 operator, but delayed by a payment processor, a credit card
6 issuer, or the custodian of the financial account.

7 (h) If a prize is awarded to a fantasy sports player with a
8 closed account, that prize, to the extent it consists of funds,
9 shall be distributed by the interactive fantasy sports operator
10 within 5 business days, or 10 business days of submission of
11 any tax reporting information required by law, unless the
12 interactive fantasy sports operator makes a good faith
13 determination that the fantasy sports player engaged in
14 fraudulent or other conduct that would constitute a violation
15 of this Act or rules adopted pursuant to this Act. If such
16 determination is made, then the prize may be withheld, provided
17 that it is then awarded to another fantasy sports player in the
18 same interactive fantasy sports contest who would have won the
19 prize had the fantasy sports player with the closed account not
20 participated.

21 (i) An interactive fantasy sports operator shall
22 prominently publish all contractual terms and conditions and
23 rules of general applicability that affect a fantasy sports
24 player's account. Presentation of such terms, conditions, and
25 rules at the time of on boarding a new fantasy sports player
26 shall not suffice.

1 (j) Interactive fantasy sports operators shall have
2 prominently published rules that govern when each interactive
3 fantasy sports contest shall close or lock. Each interactive
4 fantasy sports contest operator shall also prominently
5 disclose contest-specific information about the time that the
6 interactive fantasy sports contest closes or locks in
7 connection with each interactive fantasy sports contest
8 offered. An interactive fantasy sports operator shall strictly
9 enforce all disclosed closing or lock times.

10 (k) Fantasy sports player's deposits shall be limited to no
11 more than \$1,000 per month. However, an interactive fantasy
12 sports operator may establish and prominently publish
13 procedures for temporarily or permanently increasing a fantasy
14 sports player's deposit limit, at the request of the fantasy
15 sports player, above \$1,000 per month. Such procedures shall be
16 submitted to the Board.

17 If established by an interactive fantasy sports operator,
18 such procedures shall include evaluation of information,
19 including income or asset information, sufficient to establish
20 that the fantasy sports player can afford losses that might
21 result from gameplay at the deposit limit level requested.

22 When a temporary or permanent deposit level limit increase
23 is approved, the interactive fantasy sports operator's
24 procedures shall provide for annual re-certification of a
25 player's financial ability to afford losses.

26 (1) The following entry limits apply:

1 (1) interactive fantasy sports operators shall not
2 allow players to submit more than one entry in an
3 interactive fantasy sports contest involving 12 entries or
4 fewer;

5 (2) interactive fantasy sports operators shall not
6 allow players to submit more than 2 entries in an
7 interactive fantasy sports contest involving more than 13
8 entries but fewer than 36 entries;

9 (3) interactive fantasy sports operators shall not
10 allow players to submit more than 3 entries in an
11 interactive fantasy sports contest involving 36 or more
12 entries but fewer than 101 entries; and

13 (4) interactive fantasy sports operators shall not
14 allow fantasy sports players to submit more than 3% of all
15 entries in an interactive fantasy sports contest involving
16 101 or more entries.

17 An interactive fantasy sports operator may establish
18 interactive fantasy sports contests, representing less
19 than 2% of the total number of interactive fantasy sports
20 contests that the interactive fantasy sports operator
21 offers, in which there is no restriction on the number of
22 entries, provided that (i) the interactive fantasy sports
23 operator clearly discloses that there are no limits on the
24 number of entries by each player in the interactive fantasy
25 sports contest and (ii) that the cost of participating in
26 the interactive fantasy sports contest is \$50 or more per

1 entry.

2 (m) Interactive fantasy sports operators shall not offer an
3 interactive fantasy sports contest based on a prohibited sports
4 event.

5 (n) An interactive fantasy sports operator shall not
6 participate in an interactive fantasy sports contest offered by
7 the interactive fantasy sports operator.

8 (o) An interactive fantasy sports operator shall not permit
9 unauthorized scripts to be used on interactive fantasy sports
10 platforms and shall use commercially reasonable efforts to
11 monitor for and to prevent use of such scripts.

12 (p) Interactive fantasy sports operators shall develop and
13 prominently display procedures on the interactive fantasy
14 sports operator's interactive fantasy sports platform for the
15 filing of a complaint by the authorized player against the
16 interactive fantasy sports operator. The interactive fantasy
17 sports operator shall give an initial response to the player
18 within 48 hours after the player files the complaint. The
19 interactive fantasy sports operator shall give a complete
20 response to the player filing the complaint within 10 business
21 days after the initial response is issued. An authorized player
22 may file a complaint alleging a violation of the provisions of
23 this Act with the Board.

24 (q) An interactive fantasy sports operator shall close any
25 fantasy player account that is inactive for 2 years and notify
26 the account holder that the account has been closed by email to

1 the account holder's last known email address. When a fantasy
2 sports player account is closed due to inactivity, the
3 interactive fantasy sports operator shall take commercially
4 reasonable steps to refund all funds in the fantasy sports
5 player account within 30 days, subject to the receipt of any
6 tax information required by law. In the event that funds in a
7 closed fantasy sports player account exceed \$5 and cannot be
8 refunded and remain unclaimed, the interactive fantasy sports
9 operator shall provide notice of the existence of funds to the
10 fantasy sports player. Such notice shall be provided by email
11 to the account holder's last known email address. In the event
12 that funds in a closed fantasy sports player account cannot be
13 refunded and remain unclaimed by the fantasy sports player
14 after 3 years, such funds shall be paid by the interactive
15 fantasy sports operator to the Unclaimed Property Trust Fund in
16 the Office of the State Treasurer. The interactive fantasy
17 sports operator shall provide notice to the fantasy sports
18 player's email address at least 60 days prior to paying the
19 funds to the Unclaimed Property Trust Fund.

20 (r) Interactive fantasy sports operators shall develop
21 games that are limited to beginner fantasy sports players and
22 shall prohibit individuals who are not beginner fantasy sports
23 players from participating in those games either directly or
24 through another person as a proxy. An interactive fantasy
25 sports operator shall suspend the account of an individual who
26 is not a beginner fantasy sports player and who enters a game

1 limited to beginner fantasy sports players and shall ban the
2 player from future play.

3 (s) All interactive fantasy sports operators shall develop
4 games in which highly experienced fantasy sports players cannot
5 participate either directly or through another person as a
6 proxy. An interactive fantasy sports operator shall suspend the
7 account of a highly experienced fantasy sports player who
8 enters a game that excludes highly experienced fantasy sports
9 players directly or through another person as a proxy and shall
10 ban the individual from future play.

11 Section 30. Multiple interactive fantasy sports platforms;
12 interactive fantasy sports contests. A licensee may use
13 multiple interactive fantasy sports platforms and offer
14 multiple types of interactive fantasy sports contests.

15 Section 35. Advertising.

16 (a) Advertisements of interactive fantasy sports operators
17 shall not feature: (1) minors (other than professional athletes
18 who may be minors), (2) students, (3) schools, colleges, or
19 universities, or (4) school, college, or university settings.
20 However, incidental depiction of non-featured minors or minors
21 accompanying adults shall not be a violation of this subsection
22 (a).

23 (b) Interactive fantasy sports operators shall not
24 advertise on school, college, or university campuses.

1 (c) Interactive fantasy sports operators shall not
2 advertise at amateur athletic competitions, except to the
3 extent that those competitions are played in stadiums where
4 professional competitions are held and where non-digital
5 advertisements have been posted, erected, or otherwise
6 displayed in a manner that would require substantial effort to
7 remove.

8 Section 40. Powers and duties of the Board.

9 (a) The Board has jurisdiction over and shall supervise all
10 interactive fantasy sports contests governed by this Act. The
11 Board has all powers and duties necessary and proper to fully
12 and exclusively execute the provisions of the Act, including,
13 but not limited to, the following:

14 (1) To investigate applicants and determine the
15 eligibility of applicants that best serve the interests of
16 the citizens of Illinois.

17 (2) To provide for the establishment and collection of
18 all fees, fines, and taxes imposed by this Act and the
19 rules adopted under this Act.

20 (3) To suspend, revoke, or restrict licenses; to
21 require the removal of an interactive fantasy sports
22 operator or an employee of an interactive fantasy sports
23 operator for a violation of this Act; and to impose civil
24 penalties of an amount up to \$5,000 against individuals and
25 \$10,000 against licensees for each violation of the

1 provisions of this Act.

2 (4) To approve and deny applications for licensure to
3 conduct interactive fantasy sports contests in this State,
4 and to suspend, refuse or renew, or revoke a license issued
5 under this Act.

6 (5) To accept and investigate complaints of any kind
7 from an authorized player and attempt to mediate the
8 complaints where appropriate.

9 (6) To investigate alleged violations of this Act.

10 (7) To initiate proper enforcement proceedings where
11 such action is deemed by the Board to be necessary or
12 appropriate.

13 (8) To exercise all powers and duties assigned by this
14 Act.

15 (b) The Board shall adopt rules to implement the provisions
16 of and effectuate the policy and objectives of this Act as the
17 Board may deem necessary or advisable, including, but not
18 limited to, the development of the initial form of the
19 application for licensure. These rules shall include, but not
20 be limited to, responsible protections with regard to
21 compulsive play and safeguards for fair play. The Board shall
22 not adopt rules limiting or regulating:

23 (1) the rules or the administration of an individual
24 interactive fantasy sports contest;

25 (2) the statistical makeup of an interactive fantasy
26 sports contest; or

1 (3) the digital interactive fantasy sports platform of
2 an interactive fantasy sports operator.

3 (c) The Board shall adopt emergency rules to administer
4 this Act in accordance with Section 5-45 of the Illinois
5 Administrative Procedure Act. For the purposes of the Illinois
6 Administrative Procedure Act, the General Assembly finds that
7 the adoption of rules to implement this Act is deemed an
8 emergency and necessary for the public interest, safety, and
9 welfare.

10 Section 45. Annual report.

11 (a) Each licensee shall annually submit a report to the
12 Board by no later than June 30 of each year that shall include
13 the following information as it applies to accounts held by
14 authorized players located in this State:

15 (1) the number of accounts held by authorized players
16 on all interactive fantasy sports platforms offered by the
17 interactive fantasy sports operator and the number of
18 accounts held by highly experienced players on all
19 interactive fantasy sports platforms offered by the
20 interactive fantasy sports operator;

21 (2) the total number of new accounts established in the
22 preceding year as well as the total number of accounts
23 permanently closed in the preceding year;

24 (3) the total amount of entry fees received from
25 authorized players;

1 (4) the total amount of prizes awarded to authorized
2 players;

3 (5) the total amount of interactive fantasy sports
4 gross revenue received by the licensee; and

5 (6) the total number of authorized players that
6 requested to exclude themselves from interactive fantasy
7 sports contests.

8 (b) The Board shall annually publish a report based on the
9 aggregate information provided by all interactive fantasy
10 sports operators in accordance with this Section, that shall be
11 published on the Board's website no later than 180 days after
12 the deadline for the submission of individual reports as
13 specified in this Section.

14 Section 50. State tax.

15 (a) A privilege tax is imposed on persons engaged in the
16 business of operating an interactive fantasy sports contest in
17 this State. For the privilege of conducting interactive fantasy
18 sports contests in the State, interactive fantasy sports
19 operators shall pay a tax at the following graduated rates:

20 (1) 5% of annual interactive fantasy sports gross
21 revenue up to and including \$1,000,000;

22 (2) 7.5% of annual interactive fantasy sports gross
23 revenue in excess of \$1,000,000 but not exceeding
24 \$3,000,000;

25 (3) 10% of annual interactive fantasy sports gross

1 revenue in excess of \$3,000,000 but not exceeding
2 \$8,000,000;

3 (4) 15% of annual interactive fantasy sports gross
4 revenue in excess of \$8,000,000.

5 (b) The tax imposed by this Section shall be paid by the
6 interactive fantasy sports operator to the Board not later than
7 the 15th day of every month for the previous month's privilege
8 taxes.

9 Section 55. Disposition of taxes. The Board shall pay into
10 the Education Assistance Fund all taxes imposed by this Act,
11 any interest and penalties imposed by the Board relating to
12 those taxes, all penalties levied and collected by the Board,
13 and the appropriate funds, cash, or prizes forfeited from
14 interactive fantasy sports contests.

15 Section 60. Audits. All interactive fantasy sports
16 operators with annual interactive fantasy sports contest gross
17 revenue of \$100,000 or more shall annually be subject to an
18 audit of the financial transactions and condition of the
19 interactive fantasy sports operator's total operations as they
20 relate to the offering and operating of interactive fantasy
21 sports contests and to ensure compliance with all of the
22 requirements in this Act. Interactive fantasy sports operators
23 with annual interactive fantasy sports contest gross revenues
24 less than \$100,000 shall every 3 years be subject to an audit

1 of the financial transactions and condition of the interactive
2 fantasy sports operator's total operations as they relate to
3 the offering and operating of interactive fantasy sports
4 contests and to ensure compliance with all of the requirements
5 in this Act. All audits and compliance engagements shall be
6 conducted by certified public accountants or an independent
7 testing laboratory approved by the Board. The compensation for
8 each certified public accountant or independent testing
9 laboratory shall be paid directly by the interactive fantasy
10 sports operator to the certified public accountant or
11 independent testing laboratory. The audit shall be conducted
12 and submitted to the Board by June 30 of each year.

13 Section 65. Limitation on the taxation of interactive
14 fantasy sports operators. Interactive fantasy sports operators
15 shall not be subjected to an excise tax, license tax, permit
16 tax, privilege tax, amusement tax, or occupation tax that is
17 imposed upon the licensee by the State or any political
18 subdivision thereof, except as provided in this Act.

19 Section 70. Application fees; license fees.

20 (a) A non-refundable application fee shall be paid at the
21 time an application for licensure is filed with the Board in
22 the following amounts:

23 (1) Interactive fantasy sports operators with annual
24 interactive fantasy sports gross revenue greater than

1 \$10,000,000..... \$25,000

2 (2) Interactive fantasy sports operators with annual
3 interactive fantasy sports gross revenue greater than
4 \$5,000,000 but not more than \$10,000,000 \$12,500

5 (3) Interactive fantasy sports operators with annual
6 interactive fantasy sports gross revenue greater than
7 \$1,000,000 but not more than \$5,000,000 \$7,500

8 (4) Interactive fantasy sports operators with annual
9 interactive fantasy sports gross revenue of at least
10 \$100,000 but not more than \$1,000,000 \$5,000

11 (5) Interactive fantasy sports operators with annual
12 interactive fantasy sports gross revenue less than
13 \$100,000 \$500

14 (b) The Board shall establish a fee for each license not to
15 exceed the following for the initial licensure period:

16 (1) Interactive fantasy sports operators with annual
17 interactive fantasy sports gross revenue greater than
18 \$10,000,000..... \$50,000

19 (2) Interactive fantasy sports operators with annual
20 interactive fantasy sports gross revenue greater than
21 \$5,000,000 but not more than \$10,000,000 \$25,000

22 (3) Interactive fantasy sports operators with annual
23 interactive fantasy sports gross revenue greater than
24 \$1,000,000 but not more than \$5,000,000 \$15,000

25 (4) Interactive fantasy sports operators with annual
26 interactive fantasy sports gross revenue of at least

1 \$100,000 but not more than \$1,000,000 \$10,000

2 (5) Interactive fantasy sports operators with annual
3 interactive fantasy sports gross revenue less than
4 \$100,000 \$1,500

5 (c) For subsequent licensure periods, the renewal fee shall
6 not exceed the following:

7 (1) Interactive fantasy sports operators with annual
8 interactive fantasy sports gross revenue greater than
9 \$10,000,000..... \$37,500

10 (2) Interactive fantasy sports operators with annual
11 interactive fantasy sports gross revenue greater than
12 \$5,000,000 but not more than \$10,000,000 \$18,750

13 (3) Interactive fantasy sports operators with annual
14 interactive fantasy sports gross revenue greater than
15 \$1,000,000 but not more than \$5,000,000 \$11,250

16 (4) Interactive fantasy sports operators with annual
17 interactive fantasy sports gross revenue of at least
18 \$100,000 but not more than \$1,000,000 \$7,500

19 (5) Interactive fantasy sports operators with annual
20 interactive fantasy sports gross revenue less than
21 \$100,000 \$1,125

22 (d) All fees collected under this Section shall be
23 deposited into the State Gaming Fund.

24 (e) All fees collected under this Section shall be used for
25 the administration of this Act.

1 Section 75. Interactive fantasy sports contests
2 authorized. Interactive fantasy sports contests conducted in
3 accordance with the provisions of this Act are hereby
4 authorized.

5 Section 80. Interactive fantasy sports contests
6 prohibited. The conduct of interactive fantasy sports contests
7 by unlicensed operators is prohibited.

8 Section 85. Interactive fantasy sports contests; Criminal
9 Code of 2012. Interactive fantasy sports contests offered in
10 accordance with the provisions of this Act shall not constitute
11 gambling as defined in Section 28-1 of the Criminal Code of
12 2012.

13 Section 900. Repeal. This Act is repealed on January 1,
14 2021.

15 Section 950. The Criminal Code of 2012 is amended by
16 changing Section 28-1 as follows:

17 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

18 Sec. 28-1. Gambling.

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

20 (1) knowingly plays a game of chance or skill for money
21 or other thing of value, unless excepted in subsection (b)

1 of this Section;

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

5 (3) knowingly operates, keeps, owns, uses, purchases,
6 exhibits, rents, sells, bargains for the sale or lease of,
7 manufactures or distributes any gambling device;

8 (4) contracts to have or give himself or herself or
9 another the option to buy or sell, or contracts to buy or
10 sell, at a future time, any grain or other commodity
11 whatsoever, or any stock or security of any company, where
12 it is at the time of making such contract intended by both
13 parties thereto that the contract to buy or sell, or the
14 option, whenever exercised, or the contract resulting
15 therefrom, shall be settled, not by the receipt or delivery
16 of such property, but by the payment only of differences in
17 prices thereof; however, the issuance, purchase, sale,
18 exercise, endorsement or guarantee, by or through a person
19 registered with the Secretary of State pursuant to Section
20 8 of the Illinois Securities Law of 1953, or by or through
21 a person exempt from such registration under said Section
22 8, of a put, call, or other option to buy or sell
23 securities which have been registered with the Secretary of
24 State or which are exempt from such registration under
25 Section 3 of the Illinois Securities Law of 1953 is not
26 gambling within the meaning of this paragraph (4);

1 (5) knowingly owns or possesses any book, instrument or
2 apparatus by means of which bets or wagers have been, or
3 are, recorded or registered, or knowingly possesses any
4 money which he has received in the course of a bet or
5 wager;

6 (6) knowingly sells pools upon the result of any game
7 or contest of skill or chance, political nomination,
8 appointment or election;

9 (7) knowingly sets up or promotes any lottery or sells,
10 offers to sell or transfers any ticket or share for any
11 lottery;

12 (8) knowingly sets up or promotes any policy game or
13 sells, offers to sell or knowingly possesses or transfers
14 any policy ticket, slip, record, document or other similar
15 device;

16 (9) knowingly drafts, prints or publishes any lottery
17 ticket or share, or any policy ticket, slip, record,
18 document or similar device, except for such activity
19 related to lotteries, bingo games and raffles authorized by
20 and conducted in accordance with the laws of Illinois or
21 any other state or foreign government;

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

26 (11) knowingly transmits information as to wagers,

1 betting odds, or changes in betting odds by telephone,
2 telegraph, radio, semaphore or similar means; or knowingly
3 installs or maintains equipment for the transmission or
4 receipt of such information; except that nothing in this
5 subdivision (11) prohibits transmission or receipt of such
6 information for use in news reporting of sporting events or
7 contests; or

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

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

18 (1) Agreements to compensate for loss caused by the
19 happening of chance including without limitation contracts
20 of indemnity or guaranty and life or health or accident
21 insurance.

22 (2) Offers of prizes, award or compensation to the
23 actual contestants in any bona fide contest for the
24 determination of skill, speed, strength or endurance or to
25 the owners of animals or vehicles entered in such contest.

26 (3) Pari-mutuel betting as authorized by the law of

1 this State.

2 (4) Manufacture of gambling devices, including the
3 acquisition of essential parts therefor and the assembly
4 thereof, for transportation in interstate or foreign
5 commerce to any place outside this State when such
6 transportation is not prohibited by any applicable Federal
7 law; or the manufacture, distribution, or possession of
8 video gaming terminals, as defined in the Video Gaming Act,
9 by manufacturers, distributors, and terminal operators
10 licensed to do so under the Video Gaming Act.

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

13 (6) Lotteries when conducted by the State of Illinois
14 in accordance with the Illinois Lottery Law. This exemption
15 includes any activity conducted by the Department of
16 Revenue to sell lottery tickets pursuant to the provisions
17 of the Illinois Lottery Law and its rules.

18 (6.1) The purchase of lottery tickets through the
19 Internet for a lottery conducted by the State of Illinois
20 under the program established in Section 7.12 of the
21 Illinois Lottery Law.

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

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

3 (9) Charitable games when conducted in accordance with
4 the Charitable Games Act.

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

7 (11) Gambling games conducted on riverboats when
8 authorized by the Riverboat Gambling Act.

9 (12) Video gaming terminal games at a licensed
10 establishment, licensed truck stop establishment, licensed
11 fraternal establishment, or licensed veterans
12 establishment when conducted in accordance with the Video
13 Gaming Act.

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

17 (14) Savings promotion raffles authorized under
18 Section 5g of the Illinois Banking Act, Section 7008 of the
19 Savings Bank Act, Section 42.7 of the Illinois Credit Union
20 Act, Section 5136B of the National Bank Act (12 U.S.C.
21 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
22 1463).

23 (15) Interactive fantasy sports contests and
24 participation in interactive fantasy sports contests
25 authorized under the Fantasy Sports Contest Act.

26 (c) Sentence.

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

4 (d) Circumstantial evidence.

5 In prosecutions under this Section circumstantial evidence
6 shall have the same validity and weight as in any criminal
7 prosecution.

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