



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

**HB2641**

by Rep. Jaime M. Andrade, Jr.

#### SYNOPSIS AS INTRODUCED:

New Act  
720 ILCS 5/28-1

from Ch. 38, par. 28-1

Creates the Gaming and Amusement Licensing, Cybersecurity, and Data Collection and Remittance Act. Authorizes fringe gambling to be conducted in locations authorized to conduct video gaming under the Video Gaming Act. Provides restrictions on fringe gambling and fringe gambling machines, including prohibiting a person under the age of 21 from using a fringe gambling machine. Provides minimum requirements for the licensing of fringe gambling machines. Includes provisions for issuing licenses under the Act. Limits locations authorized to conduct fringe gambling to 5 fringe gambling machines on their premises. Makes conforming changes in the Criminal Code of 2012.

LRB101 07269 SMS 52308 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning gaming.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Gaming  
5 and Amusement Licensing, Cybersecurity, and Data Collection  
6 and Remittance Act.

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

8 "Department" means the Department of Revenue.

9 "Distributor" means an individual, partnership,  
10 corporation, or limited liability company licensed under this  
11 Act to buy, sell, lease, or distribute fringe gambling machines  
12 or major components or parts of fringe gambling machines to or  
13 from operators.

14 "Electronic voucher" means a voucher printed by a fringe  
15 gambling machine that is redeemable in the licensed  
16 establishment for which it was issued.

17 "Fringe gambling" means any gambling or lottery device that  
18 is:

19 (1) given, conducted, or offered for use or sale by a  
20 business in exchange for anything of value, including, but  
21 not limited to, cash, coin, cryptocurrency, vouchers, gift  
22 cards, or prizes, or provides an opportunity to participate  
23 in a contest, game, gaming scheme, or sweepstakes with a

1 potential monetary return or outcome based on an element of  
2 chance, regardless of whether anything of value was  
3 required to play; or

4 (2) given away incident to the purchase of other goods  
5 or services.

6 "Fringe gambling" does not include a promotional activity  
7 that is clearly ancillary to the primary activity of a business  
8 or video gaming, as defined by the Video Gaming Act.

9 "Fringe gambling machine" means a mechanically or  
10 electronically operated machine or device that is intended to  
11 be used by a sweepstakes entrant or by a player for the playing  
12 of a game by insertion of a coin or token or any other way where  
13 the outcome of the game is determined by the action of the  
14 machine, whether manipulated by the player or not; that uses  
15 energy; and that displays the results of a game entry or game  
16 outcome to a participant on a screen or other mechanism at a  
17 licensed establishment, licensed fraternal establishment,  
18 licensed veterans establishment, or licensed truck stop  
19 establishment. An electronically operated machine or device  
20 may:

21 (1) be server-based;

22 (2) use a simulated game terminal as a representation  
23 of the prizes associated with the results of the  
24 sweepstakes entries;

25 (3) use software such that the simulated game  
26 influences or determines the winning or value of the prize;

1           (4) select prizes from a predetermined finite pool of  
2 entries;

3           (5) offer a monetary prize or electronic voucher of any  
4 amount, including cash, coin, or cryptocurrency;

5           (6) use a mechanism that reveals the content of a  
6 predetermined sweepstakes entry;

7           (7) predetermine the prize results and stores those  
8 results for delivery at the time the sweepstakes entry  
9 results are revealed;

10          (8) use software to create a game result;

11          (9) require direct payment into the electronic machine  
12 or device or remote activation of the electronic machine or  
13 device;

14          (10) require purchase of a related product having  
15 legitimate value;

16          (11) reveal the prize incrementally, even though it may  
17 not influence if a prize is awarded or the value of any  
18 prize awarded;

19          (12) determine and associate the prize with an entry or  
20 entries at the time the sweepstakes is entered; or

21          (13) be a slot machine or other form of electrical,  
22 mechanical, or computer game.

23          "Licensed establishment", "licensed fraternal  
24 establishment", "licensed veterans establishment", and  
25 "licensed truck stop establishment" have the same meanings as  
26 those terms are given in the Video Gaming Act.

1 "Licensed handler" means a person, including, but not  
2 limited to, an employee or independent contractor working for a  
3 manufacturer, distributor, supplier, technician, or operator,  
4 who is licensed under this Act to possess or control a fringe  
5 gambling machine or to have access to the inner workings of a  
6 fringe gambling machine. "Licensed handler" does not include an  
7 individual, partnership, corporation, or limited liability  
8 company that is a manufacturer, distributor, supplier,  
9 technician, or operator.

10 "Licensed technician" means an individual who is licensed  
11 under this Act to repair, service, and maintain fringe gambling  
12 machines.

13 "Manufacturer" means an individual, partnership,  
14 corporation, or limited liability company that is licensed  
15 under this Act and that manufactures or assembles fringe  
16 gambling machines.

17 "Operator" means an individual, partnership, corporation,  
18 or limited liability company that is licensed under this Act  
19 and that owns, services, and maintains fringe gambling machines  
20 for placement in licensed establishments, licensed truck stop  
21 establishments, licensed fraternal establishments, or licensed  
22 veterans establishments.

23 "Prize" means any gift, award, gratuity, good, service,  
24 credit, or anything else of value that may be transferred to a  
25 person, whether possession of the prize is actually transferred  
26 or placed on an account or other record as evidence of the

1 intent to transfer the prize.

2 "Supplier" means an individual, partnership, corporation,  
3 or limited liability company that is licensed under this Act to  
4 supply major components or parts to fringe gambling machines to  
5 licensed operators.

6 "Sweepstakes" means any game, advertising scheme or plan,  
7 or other promotion that, with or without payment of any  
8 consideration, a person may enter to win or become eligible to  
9 receive any prize, the determination of which is based upon  
10 chance.

11 Section 10. Fringe gambling by minors prohibited. No  
12 licensee shall cause or permit any person under the age of 21  
13 years to use or play a fringe gambling machine. Any licensee  
14 who knowingly permits a person under the age of 21 years to use  
15 or play a fringe gambling machine is guilty of a business  
16 offense and shall be fined an amount not to exceed \$5,000.

17 Section 15. Minimum requirements for licensing and  
18 registration of fringe gambling machines. Every machine  
19 engaged in fringe gambling offered for play in this State must,  
20 at a minimum, meet the following criteria:

21 (1) It must conform to all requirements of federal law  
22 and regulations, including Federal Communications  
23 Commission Class A emissions standards.

24 (2) It must theoretically pay out a mathematically

1 demonstrable percentage during the expected lifetime of  
2 the machine of all amounts played, which must not be less  
3 than 80%. Fringe gambling machines that may be affected by  
4 skill must meet this standard when using a method of play  
5 that will provide the greatest return to the player over a  
6 period of continuous play.

7 (3) It must use a random selection process to determine  
8 the outcome of each play of a game. The random selection  
9 process must meet 99% confidence limits using a standard  
10 chi-squared test for (randomness) goodness of fit.

11 (4) It must display an accurate representation of the  
12 game outcome.

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

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

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

23 (8) It must have the capacity to display complete play  
24 history (outcome, intermediate play steps, credits  
25 available, bets placed, credits paid, and credits cashed  
26 out) for the most recent game played and 10 previous games.

1           (9) The theoretical payback percentage of a fringe  
2 gambling machine must not be capable of being changed  
3 without making a hardware or software change in the fringe  
4 gambling machine, either on site or through the central  
5 communications system.

6           (10) It must be designed so that replacement of parts  
7 or modules required for normal maintenance does not  
8 necessitate replacement of the electromechanical meters.

9           (11) It must have nonresettable meters housed in a  
10 locked area of the terminal that keep a permanent record of  
11 all cash inserted into the machine, all winnings made by  
12 the machine printer, credits played in for fringe gambling  
13 machines (if required), and credits won by video gaming  
14 players. The fringe gambling machine must provide the means  
15 for on-demand display of stored information as determined  
16 by the Department.

17           (12) Electronically stored meter information must be  
18 preserved for a minimum of 180 days after a power loss to  
19 the service.

20           (13) It must have one or more mechanisms that accept  
21 cash in the form of bills. The mechanisms shall be designed  
22 to prevent obtaining credits without paying by stringing,  
23 slamming, drilling, or other means. If such attempts at  
24 physical tampering are made, the fringe gambling machine  
25 shall suspend itself from operating until reset.

26           (14) It shall have accounting software that keeps an



1 electronic record that includes, but is not limited to, the  
2 following: total cash inserted into the fringe gambling  
3 machine; the value of winning tickets claimed by players;  
4 the total credits played; the total credits awarded by a  
5 fringe gambling machine; and payback percentage credited  
6 to players of each video game.

7 (15) It shall be linked by a central communications  
8 system to provide auditing program information. The  
9 central communications system shall use a standard  
10 industry protocol, as defined by the Gaming Standards  
11 Association, and shall have the functionality to enable the  
12 State of Illinois or its designee to activate or deactivate  
13 individual gaming devices from the central communications  
14 system. The central communications system may not limit  
15 participation to only one manufacturer of a fringe gambling  
16 machine by either the cost in implementing the necessary  
17 program modifications to communicate or the inability to  
18 communicate with the central communications system.

19 The Department may adopt rules to establish additional  
20 criteria to preserve the integrity and security of fringe  
21 gambling in this State. The central communications system  
22 vendor may be licensed as a fringe gambling machine  
23 manufacturer under this Act or a video gaming terminal  
24 distributor under the Video Gaming Act, or both, but the  
25 central communications system vendor may not be licensed as a  
26 video gaming terminal operator under the Video Gaming Act.

1           The Department shall not permit the development of  
2 information or the use by any licensee of gaming device or  
3 individual game performance data. Nothing in this Act shall  
4 inhibit or prohibit the Department from the use of gaming  
5 device or individual game performance data in its regulatory  
6 duties.

7           Section 20. Issuance of license.

8           (a) The burden is upon each applicant to demonstrate his or  
9 her suitability for licensure. Each fringe gambling machine  
10 manufacturer, distributor, supplier, operator, and handler  
11 shall be licensed by the State. The Department may issue or  
12 deny a license under this Act to any person pursuant to the  
13 same criteria set forth in Section 9 of the Riverboat Gambling  
14 Act.

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

1 resolved.

2 (c) Each person seeking and possessing a license as a  
3 fringe gambling machine manufacturer, distributor, supplier,  
4 operator, or handler shall submit to a background investigation  
5 conducted by the Department with the assistance of the State  
6 Police or other law enforcement. To the extent that the  
7 corporate structure of the applicant allows, the background  
8 investigation shall include any or all of the following as the  
9 Department deems appropriate or as provided by rule for each  
10 category of licensure: (i) each beneficiary of a trust, (ii)  
11 each partner of a partnership, (iii) each member of a limited  
12 liability company, (iv) each director and officer of a publicly  
13 or non-publicly held corporation, (v) each stockholder of a  
14 non-publicly held corporation, (vi) each stockholder of 5% or  
15 more of a publicly held corporation, or (vii) each stockholder  
16 of 5% or more in a parent or subsidiary corporation.

17 (d) Each person seeking and possessing a license as a  
18 fringe gambling machine manufacturer, distributor, supplier,  
19 operator, or handler shall disclose the identity of every  
20 person, association, trust, corporation, or limited liability  
21 company having a greater than 1% direct or indirect pecuniary  
22 interest in the fringe gambling machine operation for which the  
23 license is sought. If the disclosed entity is a trust, the  
24 application shall disclose the names and addresses of the  
25 beneficiaries; if a corporation, the names and addresses of all  
26 stockholders and directors; if a limited liability company, the

1 names and addresses of all members; or, if a partnership, the  
2 names and addresses of all partners, both general and limited.

3 (e) No person may be licensed as a fringe gambling machine  
4 manufacturer, distributor, supplier, operator, or handler if  
5 that person has been found by the Department to:

6 (1) have a background, including a criminal record of  
7 any felony or any misdemeanor involving dishonesty or  
8 fraud, reputation, habits, social or business  
9 associations, or prior activities that pose a threat to the  
10 public interests of the State or to the security and  
11 integrity of fringe gambling;

12 (2) create or enhance the dangers of unsuitable,  
13 unfair, or illegal practices, methods, and activities in  
14 the conduct of fringe gambling; or

15 (3) present questionable business practices and  
16 financial arrangements incidental to the conduct of fringe  
17 gambling activities.

18 (f) Any applicant for any license under this Act has the  
19 burden of proving his or her qualifications to the satisfaction  
20 of the Department. The Department may adopt rules to establish  
21 additional qualifications and requirements to preserve the  
22 integrity and security of fringe gambling in this State.

23 (g) A non-refundable application fee shall be paid at the  
24 time an application for a license is filed with the Department  
25 in the following amounts:

26 (1) Manufacturer ..... \$3,000

- 1           (2) Distributor..... \$3,000
- 2           (3) Operator ..... \$3,000
- 3           (4) Supplier ..... \$2,500
- 4           (5) Technician ..... \$100
- 5           (6) Handler..... \$100

6           (h) The Department shall establish an annual fee for each  
 7 license not to exceed the following:

- 8           (1) Manufacturer ..... \$10,000
- 9           (2) Distributor..... \$10,000
- 10          (3) Operator ..... \$5,000
- 11          (4) Supplier ..... \$2,000
- 12          (5) Technician ..... \$100
- 13          (6) Fringe gambling machine ..... \$100
- 14          (7) Handler..... \$100

15          (i) An operator and a licensed establishment, licensed  
 16 truck stop establishment, licensed fraternal establishment, or  
 17 licensed veterans establishment shall equally split the fees  
 18 specified in item (6) of subsection (h).

19           Section 25. Restrictions on fringe gambling machines. A  
 20 licensed establishment, licensed truck stop establishment,  
 21 licensed veterans establishment, or licensed fraternal  
 22 establishment may operate up to 5 fringe gambling machines on  
 23 its premises at any time.

24           Section 90. The Criminal Code of 2012 is amended by

1 changing Section 28-1 as follows:

2 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

3 Sec. 28-1. Gambling.

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

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

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

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

14 (4) contracts to have or give himself or herself or  
15 another the option to buy or sell, or contracts to buy or  
16 sell, at a future time, any grain or other commodity  
17 whatsoever, or any stock or security of any company, where  
18 it is at the time of making such contract intended by both  
19 parties thereto that the contract to buy or sell, or the  
20 option, whenever exercised, or the contract resulting  
21 therefrom, shall be settled, not by the receipt or delivery  
22 of such property, but by the payment only of differences in  
23 prices thereof; however, the issuance, purchase, sale,  
24 exercise, endorsement or guarantee, by or through a person  
25 registered with the Secretary of State pursuant to Section

1 8 of the Illinois Securities Law of 1953, or by or through  
2 a person exempt from such registration under said Section  
3 8, of a put, call, or other option to buy or sell  
4 securities which have been registered with the Secretary of  
5 State or which are exempt from such registration under  
6 Section 3 of the Illinois Securities Law of 1953 is not  
7 gambling within the meaning of this paragraph (4);

8 (5) knowingly owns or possesses any book, instrument or  
9 apparatus by means of which bets or wagers have been, or  
10 are, recorded or registered, or knowingly possesses any  
11 money which he has received in the course of a bet or  
12 wager;

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

16 (7) knowingly sets up or promotes any lottery or sells,  
17 offers to sell or transfers any ticket or share for any  
18 lottery;

19 (8) knowingly sets up or promotes any policy game or  
20 sells, offers to sell or knowingly possesses or transfers  
21 any policy ticket, slip, record, document or other similar  
22 device;

23 (9) knowingly drafts, prints or publishes any lottery  
24 ticket or share, or any policy ticket, slip, record,  
25 document or similar device, except for such activity  
26 related to lotteries, bingo games and raffles authorized by

1 and conducted in accordance with the laws of Illinois or  
2 any other state or foreign government;

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

7 (11) knowingly transmits information as to wagers,  
8 betting odds, or changes in betting odds by telephone,  
9 telegraph, radio, semaphore or similar means; or knowingly  
10 installs or maintains equipment for the transmission or  
11 receipt of such information; except that nothing in this  
12 subdivision (11) prohibits transmission or receipt of such  
13 information for use in news reporting of sporting events or  
14 contests; or

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

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

25 (1) Agreements to compensate for loss caused by the  
26 happening of chance including without limitation contracts



1 of indemnity or guaranty and life or health or accident  
2 insurance.

3 (2) Offers of prizes, award or compensation to the  
4 actual contestants in any bona fide contest for the  
5 determination of skill, speed, strength or endurance or to  
6 the owners of animals or vehicles entered in such contest.

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

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

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

20 (6) Lotteries when conducted by the State of Illinois  
21 in accordance with the Illinois Lottery Law. This exemption  
22 includes any activity conducted by the Department of  
23 Revenue to sell lottery tickets pursuant to the provisions  
24 of the Illinois Lottery Law and its rules.

25 (6.1) The purchase of lottery tickets through the  
26 Internet for a lottery conducted by the State of Illinois

1 under the program established in Section 7.12 of the  
2 Illinois Lottery Law.

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

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

10 (9) Charitable games when conducted in accordance with  
11 the Charitable Games Act.

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

14 (11) Gambling games conducted on riverboats when  
15 authorized by the Riverboat Gambling Act.

16 (12) Video gaming terminal games at a licensed  
17 establishment, licensed truck stop establishment, licensed  
18 fraternal establishment, or licensed veterans  
19 establishment when conducted in accordance with the Video  
20 Gaming Act.

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

24 (14) Savings promotion raffles authorized under  
25 Section 5g of the Illinois Banking Act, Section 7008 of the  
26 Savings Bank Act, Section 42.7 of the Illinois Credit Union

1 Act, Section 5136B of the National Bank Act (12 U.S.C.  
2 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.  
3 1463).

4 (15) Fringe gambling on a fringe gambling machine at a  
5 licensed establishment, licensed truck stop establishment,  
6 licensed fraternal establishment, or licensed veterans  
7 establishment when conducted in accordance with the Gaming  
8 and Amusement Cybersecurity and Data Collection and  
9 Remittance Act.

10 (c) Sentence.

11 Gambling is a Class A misdemeanor. A second or subsequent  
12 conviction under subsections (a) (3) through (a) (12), is a Class  
13 4 felony.

14 (d) Circumstantial evidence.

15 In prosecutions under this Section circumstantial evidence  
16 shall have the same validity and weight as in any criminal  
17 prosecution.

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