



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3564

by Rep. William Davis

SYNOPSIS AS INTRODUCED:

230 ILCS 10/5
230 ILCS 40/15

from Ch. 120, par. 2405

Amends the Riverboat Gambling Act. Deletes obsolete language regarding the terms of office of the initial Illinois Gaming Board members and their successors. Amends the Video Gaming Act. Deletes language providing that every video gaming terminal offered in this State must meet minimum standards set by an independent outside testing laboratory approved by the Board.

LRB101 11061 SMS 56265 b

1 AN ACT concerning gaming.

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

4 Section 5. The Riverboat Gambling Act is amended by
5 changing Section 5 as follows:

6 (230 ILCS 10/5) (from Ch. 120, par. 2405)

7 Sec. 5. Gaming Board.

8 (a) (1) There is hereby established the Illinois Gaming
9 Board, which shall have the powers and duties specified in this
10 Act, and all other powers necessary and proper to fully and
11 effectively execute this Act for the purpose of administering,
12 regulating, and enforcing the system of riverboat gambling
13 established by this Act. Its jurisdiction shall extend under
14 this Act to every person, association, corporation,
15 partnership and trust involved in riverboat gambling
16 operations in the State of Illinois.

17 (2) The Board shall consist of 5 members to be appointed by
18 the Governor with the advice and consent of the Senate, one of
19 whom shall be designated by the Governor to be chairman. Each
20 member shall have a reasonable knowledge of the practice,
21 procedure and principles of gambling operations. Each member
22 shall either be a resident of Illinois or shall certify that he
23 will become a resident of Illinois before taking office. At

1 least one member shall be experienced in law enforcement and
2 criminal investigation, at least one member shall be a
3 certified public accountant experienced in accounting and
4 auditing, and at least one member shall be a lawyer licensed to
5 practice law in Illinois.

6 (3) The terms of office of the Board members shall be 3
7 years, ~~except that the terms of office of the initial Board~~
8 ~~members appointed pursuant to this Act will commence from the~~
9 ~~effective date of this Act and run as follows: one for a term~~
10 ~~ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for~~
11 ~~a term ending July 1, 1993. Upon the expiration of the~~
12 ~~foregoing terms, the successors of such members shall serve a~~
13 ~~term for 3 years~~ and until their successors are appointed and
14 qualified ~~for like terms~~. Vacancies in the Board shall be
15 filled for the unexpired term in like manner as original
16 appointments. Each member of the Board shall be eligible for
17 reappointment at the discretion of the Governor with the advice
18 and consent of the Senate.

19 (4) Each member of the Board shall receive \$300 for each
20 day the Board meets and for each day the member conducts any
21 hearing pursuant to this Act. Each member of the Board shall
22 also be reimbursed for all actual and necessary expenses and
23 disbursements incurred in the execution of official duties.

24 (5) No person shall be appointed a member of the Board or
25 continue to be a member of the Board who is, or whose spouse,
26 child or parent is, a member of the board of directors of, or a

1 person financially interested in, any gambling operation
2 subject to the jurisdiction of this Board, or any race track,
3 race meeting, racing association or the operations thereof
4 subject to the jurisdiction of the Illinois Racing Board. No
5 Board member shall hold any other public office. No person
6 shall be a member of the Board who is not of good moral
7 character or who has been convicted of, or is under indictment
8 for, a felony under the laws of Illinois or any other state, or
9 the United States.

10 (5.5) No member of the Board shall engage in any political
11 activity. For the purposes of this Section, "political" means
12 any activity in support of or in connection with any campaign
13 for federal, State, or local elective office or any political
14 organization, but does not include activities (i) relating to
15 the support or opposition of any executive, legislative, or
16 administrative action (as those terms are defined in Section 2
17 of the Lobbyist Registration Act), (ii) relating to collective
18 bargaining, or (iii) that are otherwise in furtherance of the
19 person's official State duties or governmental and public
20 service functions.

21 (6) Any member of the Board may be removed by the Governor
22 for neglect of duty, misfeasance, malfeasance, or nonfeasance
23 in office or for engaging in any political activity.

24 (7) Before entering upon the discharge of the duties of his
25 office, each member of the Board shall take an oath that he
26 will faithfully execute the duties of his office according to

1 the laws of the State and the rules and regulations adopted
2 therewith and shall give bond to the State of Illinois,
3 approved by the Governor, in the sum of \$25,000. Every such
4 bond, when duly executed and approved, shall be recorded in the
5 office of the Secretary of State. Whenever the Governor
6 determines that the bond of any member of the Board has become
7 or is likely to become invalid or insufficient, he shall
8 require such member forthwith to renew his bond, which is to be
9 approved by the Governor. Any member of the Board who fails to
10 take oath and give bond within 30 days from the date of his
11 appointment, or who fails to renew his bond within 30 days
12 after it is demanded by the Governor, shall be guilty of
13 neglect of duty and may be removed by the Governor. The cost of
14 any bond given by any member of the Board under this Section
15 shall be taken to be a part of the necessary expenses of the
16 Board.

17 (7.5) For the examination of all mechanical,
18 electromechanical, or electronic table games, slot machines,
19 slot accounting systems, and other electronic gaming equipment
20 for compliance with this Act, the Board may utilize the
21 services of one or more independent outside testing
22 laboratories that have been accredited by a national
23 accreditation body and that, in the judgment of the Board, are
24 qualified to perform such examinations.

25 (8) The Board shall employ such personnel as may be
26 necessary to carry out its functions and shall determine the

1 salaries of all personnel, except those personnel whose
2 salaries are determined under the terms of a collective
3 bargaining agreement. No person shall be employed to serve the
4 Board who is, or whose spouse, parent or child is, an official
5 of, or has a financial interest in or financial relation with,
6 any operator engaged in gambling operations within this State
7 or any organization engaged in conducting horse racing within
8 this State. Any employee violating these prohibitions shall be
9 subject to termination of employment.

10 (9) An Administrator shall perform any and all duties that
11 the Board shall assign him. The salary of the Administrator
12 shall be determined by the Board and, in addition, he shall be
13 reimbursed for all actual and necessary expenses incurred by
14 him in discharge of his official duties. The Administrator
15 shall keep records of all proceedings of the Board and shall
16 preserve all records, books, documents and other papers
17 belonging to the Board or entrusted to its care. The
18 Administrator shall devote his full time to the duties of the
19 office and shall not hold any other office or employment.

20 (b) The Board shall have general responsibility for the
21 implementation of this Act. Its duties include, without
22 limitation, the following:

23 (1) To decide promptly and in reasonable order all
24 license applications. Any party aggrieved by an action of
25 the Board denying, suspending, revoking, restricting or
26 refusing to renew a license may request a hearing before

1 the Board. A request for a hearing must be made to the
2 Board in writing within 5 days after service of notice of
3 the action of the Board. Notice of the action of the Board
4 shall be served either by personal delivery or by certified
5 mail, postage prepaid, to the aggrieved party. Notice
6 served by certified mail shall be deemed complete on the
7 business day following the date of such mailing. The Board
8 shall conduct all requested hearings promptly and in
9 reasonable order;

10 (2) To conduct all hearings pertaining to civil
11 violations of this Act or rules and regulations promulgated
12 hereunder;

13 (3) To promulgate such rules and regulations as in its
14 judgment may be necessary to protect or enhance the
15 credibility and integrity of gambling operations
16 authorized by this Act and the regulatory process
17 hereunder;

18 (4) To provide for the establishment and collection of
19 all license and registration fees and taxes imposed by this
20 Act and the rules and regulations issued pursuant hereto.
21 All such fees and taxes shall be deposited into the State
22 Gaming Fund;

23 (5) To provide for the levy and collection of penalties
24 and fines for the violation of provisions of this Act and
25 the rules and regulations promulgated hereunder. All such
26 fines and penalties shall be deposited into the Education

1 Assistance Fund, created by Public Act 86-0018, of the
2 State of Illinois;

3 (6) To be present through its inspectors and agents any
4 time gambling operations are conducted on any riverboat for
5 the purpose of certifying the revenue thereof, receiving
6 complaints from the public, and conducting such other
7 investigations into the conduct of the gambling games and
8 the maintenance of the equipment as from time to time the
9 Board may deem necessary and proper;

10 (7) To review and rule upon any complaint by a licensee
11 regarding any investigative procedures of the State which
12 are unnecessarily disruptive of gambling operations. The
13 need to inspect and investigate shall be presumed at all
14 times. The disruption of a licensee's operations shall be
15 proved by clear and convincing evidence, and establish
16 that: (A) the procedures had no reasonable law enforcement
17 purposes, and (B) the procedures were so disruptive as to
18 unreasonably inhibit gambling operations;

19 (8) To hold at least one meeting each quarter of the
20 fiscal year. In addition, special meetings may be called by
21 the Chairman or any 2 Board members upon 72 hours written
22 notice to each member. All Board meetings shall be subject
23 to the Open Meetings Act. Three members of the Board shall
24 constitute a quorum, and 3 votes shall be required for any
25 final determination by the Board. The Board shall keep a
26 complete and accurate record of all its meetings. A

1 majority of the members of the Board shall constitute a
2 quorum for the transaction of any business, for the
3 performance of any duty, or for the exercise of any power
4 which this Act requires the Board members to transact,
5 perform or exercise en banc, except that, upon order of the
6 Board, one of the Board members or an administrative law
7 judge designated by the Board may conduct any hearing
8 provided for under this Act or by Board rule and may
9 recommend findings and decisions to the Board. The Board
10 member or administrative law judge conducting such hearing
11 shall have all powers and rights granted to the Board in
12 this Act. The record made at the time of the hearing shall
13 be reviewed by the Board, or a majority thereof, and the
14 findings and decision of the majority of the Board shall
15 constitute the order of the Board in such case;

16 (9) To maintain records which are separate and distinct
17 from the records of any other State board or commission.
18 Such records shall be available for public inspection and
19 shall accurately reflect all Board proceedings;

20 (10) To file a written annual report with the Governor
21 on or before July 1 each year and such additional reports
22 as the Governor may request. The annual report shall
23 include a statement of receipts and disbursements by the
24 Board, actions taken by the Board, and any additional
25 information and recommendations which the Board may deem
26 valuable or which the Governor may request;

1 (11) (Blank);

2 (12) (Blank);

3 (13) To assume responsibility for administration and
4 enforcement of the Video Gaming Act; and

5 (14) To adopt, by rule, a code of conduct governing
6 Board members and employees that ensure, to the maximum
7 extent possible, that persons subject to this Code avoid
8 situations, relationships, or associations that may
9 represent or lead to a conflict of interest.

10 (c) The Board shall have jurisdiction over and shall
11 supervise all gambling operations governed by this Act. The
12 Board shall have all powers necessary and proper to fully and
13 effectively execute the provisions of this Act, including, but
14 not limited to, the following:

15 (1) To investigate applicants and determine the
16 eligibility of applicants for licenses and to select among
17 competing applicants the applicants which best serve the
18 interests of the citizens of Illinois.

19 (2) To have jurisdiction and supervision over all
20 riverboat gambling operations in this State and all persons
21 on riverboats where gambling operations are conducted.

22 (3) To promulgate rules and regulations for the purpose
23 of administering the provisions of this Act and to
24 prescribe rules, regulations and conditions under which
25 all riverboat gambling in the State shall be conducted.
26 Such rules and regulations are to provide for the

1 prevention of practices detrimental to the public interest
2 and for the best interests of riverboat gambling, including
3 rules and regulations regarding the inspection of such
4 riverboats and the review of any permits or licenses
5 necessary to operate a riverboat under any laws or
6 regulations applicable to riverboats, and to impose
7 penalties for violations thereof.

8 (4) To enter the office, riverboats, facilities, or
9 other places of business of a licensee, where evidence of
10 the compliance or noncompliance with the provisions of this
11 Act is likely to be found.

12 (5) To investigate alleged violations of this Act or
13 the rules of the Board and to take appropriate disciplinary
14 action against a licensee or a holder of an occupational
15 license for a violation, or institute appropriate legal
16 action for enforcement, or both.

17 (6) To adopt standards for the licensing of all persons
18 under this Act, as well as for electronic or mechanical
19 gambling games, and to establish fees for such licenses.

20 (7) To adopt appropriate standards for all riverboats
21 and facilities.

22 (8) To require that the records, including financial or
23 other statements of any licensee under this Act, shall be
24 kept in such manner as prescribed by the Board and that any
25 such licensee involved in the ownership or management of
26 gambling operations submit to the Board an annual balance

1 sheet and profit and loss statement, list of the
2 stockholders or other persons having a 1% or greater
3 beneficial interest in the gambling activities of each
4 licensee, and any other information the Board deems
5 necessary in order to effectively administer this Act and
6 all rules, regulations, orders and final decisions
7 promulgated under this Act.

8 (9) To conduct hearings, issue subpoenas for the
9 attendance of witnesses and subpoenas duces tecum for the
10 production of books, records and other pertinent documents
11 in accordance with the Illinois Administrative Procedure
12 Act, and to administer oaths and affirmations to the
13 witnesses, when, in the judgment of the Board, it is
14 necessary to administer or enforce this Act or the Board
15 rules.

16 (10) To prescribe a form to be used by any licensee
17 involved in the ownership or management of gambling
18 operations as an application for employment for their
19 employees.

20 (11) To revoke or suspend licenses, as the Board may
21 see fit and in compliance with applicable laws of the State
22 regarding administrative procedures, and to review
23 applications for the renewal of licenses. The Board may
24 suspend an owners license, without notice or hearing upon a
25 determination that the safety or health of patrons or
26 employees is jeopardized by continuing a riverboat's

1 operation. The suspension may remain in effect until the
2 Board determines that the cause for suspension has been
3 abated. The Board may revoke the owners license upon a
4 determination that the owner has not made satisfactory
5 progress toward abating the hazard.

6 (12) To eject or exclude or authorize the ejection or
7 exclusion of, any person from riverboat gambling
8 facilities where such person is in violation of this Act,
9 rules and regulations thereunder, or final orders of the
10 Board, or where such person's conduct or reputation is such
11 that his presence within the riverboat gambling facilities
12 may, in the opinion of the Board, call into question the
13 honesty and integrity of the gambling operations or
14 interfere with orderly conduct thereof; provided that the
15 propriety of such ejection or exclusion is subject to
16 subsequent hearing by the Board.

17 (13) To require all licensees of gambling operations to
18 utilize a cashless wagering system whereby all players'
19 money is converted to tokens, electronic cards, or chips
20 which shall be used only for wagering in the gambling
21 establishment.

22 (14) (Blank).

23 (15) To suspend, revoke or restrict licenses, to
24 require the removal of a licensee or an employee of a
25 licensee for a violation of this Act or a Board rule or for
26 engaging in a fraudulent practice, and to impose civil

1 penalties of up to \$5,000 against individuals and up to
2 \$10,000 or an amount equal to the daily gross receipts,
3 whichever is larger, against licensees for each violation
4 of any provision of the Act, any rules adopted by the
5 Board, any order of the Board or any other action which, in
6 the Board's discretion, is a detriment or impediment to
7 riverboat gambling operations.

8 (16) To hire employees to gather information, conduct
9 investigations and carry out any other tasks contemplated
10 under this Act.

11 (17) To establish minimum levels of insurance to be
12 maintained by licensees.

13 (18) To authorize a licensee to sell or serve alcoholic
14 liquors, wine or beer as defined in the Liquor Control Act
15 of 1934 on board a riverboat and to have exclusive
16 authority to establish the hours for sale and consumption
17 of alcoholic liquor on board a riverboat, notwithstanding
18 any provision of the Liquor Control Act of 1934 or any
19 local ordinance, and regardless of whether the riverboat
20 makes excursions. The establishment of the hours for sale
21 and consumption of alcoholic liquor on board a riverboat is
22 an exclusive power and function of the State. A home rule
23 unit may not establish the hours for sale and consumption
24 of alcoholic liquor on board a riverboat. This amendatory
25 Act of 1991 is a denial and limitation of home rule powers
26 and functions under subsection (h) of Section 6 of Article

1 VII of the Illinois Constitution.

2 (19) After consultation with the U.S. Army Corps of
3 Engineers, to establish binding emergency orders upon the
4 concurrence of a majority of the members of the Board
5 regarding the navigability of water, relative to
6 excursions, in the event of extreme weather conditions,
7 acts of God or other extreme circumstances.

8 (20) To delegate the execution of any of its powers
9 under this Act for the purpose of administering and
10 enforcing this Act and its rules and regulations hereunder.

11 (20.5) To approve any contract entered into on its
12 behalf.

13 (20.6) To appoint investigators to conduct
14 investigations, searches, seizures, arrests, and other
15 duties imposed under this Act, as deemed necessary by the
16 Board. These investigators have and may exercise all of the
17 rights and powers of peace officers, provided that these
18 powers shall be limited to offenses or violations occurring
19 or committed on a riverboat or dock, as defined in
20 subsections (d) and (f) of Section 4, or as otherwise
21 provided by this Act or any other law.

22 (20.7) To contract with the Department of State Police
23 for the use of trained and qualified State police officers
24 and with the Department of Revenue for the use of trained
25 and qualified Department of Revenue investigators to
26 conduct investigations, searches, seizures, arrests, and

1 other duties imposed under this Act and to exercise all of
2 the rights and powers of peace officers, provided that the
3 powers of Department of Revenue investigators under this
4 subdivision (20.7) shall be limited to offenses or
5 violations occurring or committed on a riverboat or dock,
6 as defined in subsections (d) and (f) of Section 4, or as
7 otherwise provided by this Act or any other law. In the
8 event the Department of State Police or the Department of
9 Revenue is unable to fill contracted police or
10 investigative positions, the Board may appoint
11 investigators to fill those positions pursuant to
12 subdivision (20.6).

13 (21) To take any other action as may be reasonable or
14 appropriate to enforce this Act and rules and regulations
15 hereunder.

16 (d) The Board may seek and shall receive the cooperation of
17 the Department of State Police in conducting background
18 investigations of applicants and in fulfilling its
19 responsibilities under this Section. Costs incurred by the
20 Department of State Police as a result of such cooperation
21 shall be paid by the Board in conformance with the requirements
22 of Section 2605-400 of the Department of State Police Law (20
23 ILCS 2605/2605-400).

24 (e) The Board must authorize to each investigator and to
25 any other employee of the Board exercising the powers of a
26 peace officer a distinct badge that, on its face, (i) clearly

1 states that the badge is authorized by the Board and (ii)
2 contains a unique identifying number. No other badge shall be
3 authorized by the Board.

4 (Source: P.A. 100-1152, eff. 12-14-18.)

5 Section 10. The Video Gaming Act is amended by changing
6 Section 15 as follows:

7 (230 ILCS 40/15)

8 Sec. 15. Minimum requirements for licensing and
9 registration. Every video gaming terminal offered for play
10 shall first be tested and approved pursuant to the rules of the
11 Board, and each video gaming terminal offered in this State for
12 play shall conform to an approved model. For the examination of
13 video gaming machines and associated equipment as required by
14 this Section, the Board may utilize the services of one or more
15 independent outside testing laboratories that have been
16 accredited by a national accreditation body and that, in the
17 judgment of the Board, are qualified to perform such
18 examinations. Every video gaming terminal offered in this State
19 for play must meet minimum standards ~~set by an independent~~
20 ~~outside testing laboratory~~ approved by the Board. Each approved
21 model shall, at a minimum, meet the following criteria:

22 (1) It must conform to all requirements of federal law
23 and regulations, including FCC Class A Emissions
24 Standards.

1 (2) It must theoretically pay out a mathematically
2 demonstrable percentage during the expected lifetime of
3 the machine of all amounts played, which must not be less
4 than 80%. The Board shall establish a maximum payout
5 percentage for approved models by rule. Video gaming
6 terminals that may be affected by skill must meet this
7 standard when using a method of play that will provide the
8 greatest return to the player over a period of continuous
9 play.

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

14 (4) It must display an accurate representation of the
15 game outcome.

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

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

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

26 (8) It must have the capacity to display complete play

1 history (outcome, intermediate play steps, credits
2 available, bets placed, credits paid, and credits cashed
3 out) for the most recent game played and 10 games prior
4 thereto.

5 (9) The theoretical payback percentage of a video
6 gaming terminal must not be capable of being changed
7 without making a hardware or software change in the video
8 gaming terminal, either on site or via the central
9 communications system.

10 (10) Video gaming terminals must be designed so that
11 replacement of parts or modules required for normal
12 maintenance does not necessitate replacement of the
13 electromechanical meters.

14 (11) It must have nonresettable meters housed in a
15 locked area of the terminal that keep a permanent record of
16 all cash inserted into the machine, all winnings made by
17 the terminal printer, credits played in for video gaming
18 terminals, and credits won by video gaming players. The
19 video gaming terminal must provide the means for on-demand
20 display of stored information as determined by the Board.

21 (12) Electronically stored meter information required
22 by this Section must be preserved for a minimum of 180 days
23 after a power loss to the service.

24 (13) It must have one or more mechanisms that accept
25 cash in the form of bills. The mechanisms shall be designed
26 to prevent obtaining credits without paying by stringing,

1 slamming, drilling, or other means. If such attempts at
2 physical tampering are made, the video gaming terminal
3 shall suspend itself from operating until reset.

4 (14) It shall have accounting software that keeps an
5 electronic record which includes, but is not limited to,
6 the following: total cash inserted into the video gaming
7 terminal; the value of winning tickets claimed by players;
8 the total credits played; the total credits awarded by a
9 video gaming terminal; and pay back percentage credited to
10 players of each video game.

11 (15) It shall be linked by a central communications
12 system to provide auditing program information as approved
13 by the Board. The central communications system shall use a
14 standard industry protocol, as defined by the Gaming
15 Standards Association, and shall have the functionality to
16 enable the Board or its designee to activate or deactivate
17 individual gaming devices from the central communications
18 system. In no event may the communications system approved
19 by the Board limit participation to only one manufacturer
20 of video gaming terminals by either the cost in
21 implementing the necessary program modifications to
22 communicate or the inability to communicate with the
23 central communications system.

24 (16) The Board, in its discretion, may require video
25 gaming terminals to display Amber Alert messages if the
26 Board makes a finding that it would be economically and

1 technically feasible and pose no risk to the integrity and
2 security of the central communications system and video
3 gaming terminals.

4 The Board may adopt rules to establish additional criteria
5 to preserve the integrity and security of video gaming in this
6 State. The central communications system vendor may be licensed
7 as a video gaming terminal manufacturer or a video gaming
8 terminal distributor, or both, but in no event shall the
9 central communications system vendor be licensed as a video
10 gaming terminal operator.

11 The Board shall not permit the development of information
12 or the use by any licensee of gaming device or individual game
13 performance data. Nothing in this Act shall inhibit or prohibit
14 the Board from the use of gaming device or individual game
15 performance data in its regulatory duties. The Board shall
16 adopt rules to ensure that all licensees are treated and all
17 licensees act in a non-discriminatory manner and develop
18 processes and penalties to enforce those rules.

19 (Source: P.A. 98-31, eff. 6-24-13; 98-377, eff. 1-1-14; 98-582,
20 eff. 8-27-13; 98-756, eff. 7-16-14.)