

HB5066



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5066

Introduced 2/18/2020, by Rep. Robert Rita

SYNOPSIS AS INTRODUCED:

230 ILCS 40/25

Amends the Video Gaming Act. Removes provisions requiring the Illinois Gaming Board to consider the impact of any economic concentration of the operation of video gaming terminals when deciding whether to approve the operation of video gaming terminals in a location. Effective immediately.

LRB101 20686 SMS 70350 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning gaming.

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

4 Section 5. The Video Gaming Act is amended by changing
5 Section 25 as follows:

6 (230 ILCS 40/25)

7 Sec. 25. Restriction of licensees.

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

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

20 (c) Terminal operator. A person may not own, maintain, or
21 place a video gaming terminal unless he has a valid terminal
22 operator's license issued under this Act. A terminal operator
23 may only place video gaming terminals for use in Illinois in

1 licensed establishments, licensed truck stop establishments,
2 licensed large truck stop establishments, licensed fraternal
3 establishments, and licensed veterans establishments. No
4 terminal operator may give anything of value, including but not
5 limited to a loan or financing arrangement, to a licensed
6 establishment, licensed truck stop establishment, licensed
7 large truck stop establishment, licensed fraternal
8 establishment, or licensed veterans establishment as any
9 incentive or inducement to locate video terminals in that
10 establishment. Of the after-tax profits from a video gaming
11 terminal, 50% shall be paid to the terminal operator and 50%
12 shall be paid to the licensed establishment, licensed truck
13 stop establishment, licensed large truck stop establishment,
14 licensed fraternal establishment, or licensed veterans
15 establishment, notwithstanding any agreement to the contrary.
16 A video terminal operator that violates one or more
17 requirements of this subsection is guilty of a Class 4 felony
18 and is subject to termination of his or her license by the
19 Board.

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

25 (d-5) Licensed terminal handler. No person, including, but
26 not limited to, an employee or independent contractor working

1 for a manufacturer, distributor, supplier, technician, or
2 terminal operator licensed pursuant to this Act, shall have
3 possession or control of a video gaming terminal, or access to
4 the inner workings of a video gaming terminal, unless that
5 person possesses a valid terminal handler's license issued
6 under this Act.

7 (e) Licensed establishment. No video gaming terminal may be
8 placed in any licensed establishment, licensed veterans
9 establishment, licensed truck stop establishment, licensed
10 large truck stop establishment, or licensed fraternal
11 establishment unless the owner or agent of the owner of the
12 licensed establishment, licensed veterans establishment,
13 licensed truck stop establishment, licensed large truck stop
14 establishment, or licensed fraternal establishment has entered
15 into a written use agreement with the terminal operator for
16 placement of the terminals. A copy of the use agreement shall
17 be on file in the terminal operator's place of business and
18 available for inspection by individuals authorized by the
19 Board. A licensed establishment, licensed truck stop
20 establishment, licensed veterans establishment, or licensed
21 fraternal establishment may operate up to 6 video gaming
22 terminals on its premises at any time. A licensed large truck
23 stop establishment may operate up to 10 video gaming terminals
24 on its premises at any time.

25 (f) (Blank).

26 (g) Financial interest restrictions. As used in this Act,

1 "substantial interest" in a partnership, a corporation, an
2 organization, an association, a business, or a limited
3 liability company means:

4 (A) When, with respect to a sole proprietorship, an
5 individual or his or her spouse owns, operates, manages, or
6 conducts, directly or indirectly, the organization,
7 association, or business, or any part thereof; or

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

11 (C) When, with respect to a corporation, an individual
12 or his or her spouse is an officer or director, or the
13 individual or his or her spouse is a holder, directly or
14 beneficially, of 5% or more of any class of stock of the
15 corporation; or

16 (D) When, with respect to an organization not covered
17 in (A), (B) or (C) above, an individual or his or her
18 spouse is an officer or manages the business affairs, or
19 the individual or his or her spouse is the owner of or
20 otherwise controls 10% or more of the assets of the
21 organization; or

22 (E) When an individual or his or her spouse furnishes
23 5% or more of the capital, whether in cash, goods, or
24 services, for the operation of any business, association,
25 or organization during any calendar year; or

26 (F) When, with respect to a limited liability company,

1 an individual or his or her spouse is a member, or the
2 individual or his or her spouse is a holder, directly or
3 beneficially, of 5% or more of the membership interest of
4 the limited liability company.

5 For purposes of this subsection (g), "individual" includes
6 all individuals or their spouses whose combined interest would
7 qualify as a substantial interest under this subsection (g) and
8 whose activities with respect to an organization, association,
9 or business are so closely aligned or coordinated as to
10 constitute the activities of a single entity.

11 (h) Location restriction. A licensed establishment,
12 licensed truck stop establishment, licensed large truck stop
13 establishment, licensed fraternal establishment, or licensed
14 veterans establishment that is (i) located within 1,000 feet of
15 a facility operated by an organization licensee licensed under
16 the Illinois Horse Racing Act of 1975 or the home dock of a
17 riverboat licensed under the Illinois Gambling Act or (ii)
18 located within 100 feet of a school or a place of worship under
19 the Religious Corporation Act, is ineligible to operate a video
20 gaming terminal. The location restrictions in this subsection
21 (h) do not apply if (A) a facility operated by an organization
22 licensee, a school, or a place of worship moves to or is
23 established within the restricted area after a licensed
24 establishment, licensed truck stop establishment, licensed
25 large truck stop establishment, licensed fraternal
26 establishment, or licensed veterans establishment becomes

1 licensed under this Act or (B) a school or place of worship
2 moves to or is established within the restricted area after a
3 licensed establishment, licensed truck stop establishment,
4 licensed large truck stop establishment, licensed fraternal
5 establishment, or licensed veterans establishment obtains its
6 original liquor license. For the purpose of this subsection,
7 "school" means an elementary or secondary public school, or an
8 elementary or secondary private school registered with or
9 recognized by the State Board of Education.

10 Notwithstanding the provisions of this subsection (h), the
11 Board may waive the requirement that a licensed establishment,
12 licensed truck stop establishment, licensed large truck stop
13 establishment, licensed fraternal establishment, or licensed
14 veterans establishment not be located within 1,000 feet from a
15 facility operated by an organization licensee licensed under
16 the Illinois Horse Racing Act of 1975 or the home dock of a
17 riverboat licensed under the Illinois Gambling Act. The Board
18 shall not grant such waiver if there is any common ownership or
19 control, shared business activity, or contractual arrangement
20 of any type between the establishment and the organization
21 licensee or owners licensee of a riverboat. The Board shall
22 adopt rules to implement the provisions of this paragraph.

23 (h-5) Restrictions on licenses in malls. The Board shall
24 not grant an application to become a licensed video gaming
25 location if the Board determines that granting the application
26 would more likely than not cause a terminal operator,

1 individually or in combination with other terminal operators,
2 licensed video gaming location, or other person or entity, to
3 operate the video gaming terminals in 2 or more licensed video
4 gaming locations as a single video gaming operation.

5 (1) In making determinations under this subsection
6 (h-5), factors to be considered by the Board shall include,
7 but not be limited to, the following:

8 (A) the physical aspects of the location;

9 (B) the ownership, control, or management of the
10 location;

11 (C) any arrangements, understandings, or
12 agreements, written or otherwise, among or involving
13 any persons or entities that involve the conducting of
14 any video gaming business or the sharing of costs or
15 revenues; and

16 (D) the manner in which any terminal operator or
17 other related entity markets, advertises, or otherwise
18 describes any location or locations to any other person
19 or entity or to the public.

20 (2) The Board shall presume, subject to rebuttal, that
21 the granting of an application to become a licensed video
22 gaming location within a mall will cause a terminal
23 operator, individually or in combination with other
24 persons or entities, to operate the video gaming terminals
25 in 2 or more licensed video gaming locations as a single
26 video gaming operation if the Board determines that

1 granting the license would create a local concentration of
2 licensed video gaming locations.

3 For the purposes of this subsection (h-5):

4 "Mall" means a building, or adjoining or connected
5 buildings, containing 4 or more separate locations.

6 "Video gaming operation" means the conducting of video
7 gaming and all related activities.

8 "Location" means a space within a mall containing a
9 separate business, a place for a separate business, or a place
10 subject to a separate leasing arrangement by the mall owner.

11 "Licensed video gaming location" means a licensed
12 establishment, licensed fraternal establishment, licensed
13 veterans establishment, licensed truck stop establishment, or
14 licensed large truck stop.

15 "Local concentration of licensed video gaming locations"
16 means that the combined number of licensed video gaming
17 locations within a mall exceed half of the separate locations
18 within the mall.

19 (i) (Blank). ~~Undue economic concentration. In addition to~~
20 ~~considering all other requirements under this Act, in deciding~~
21 ~~whether to approve the operation of video gaming terminals by a~~
22 ~~terminal operator in a location, the Board shall consider the~~
23 ~~impact of any economic concentration of such operation of video~~
24 ~~gaming terminals. The Board shall not allow a terminal operator~~
25 ~~to operate video gaming terminals if the Board determines such~~
26 ~~operation will result in undue economic concentration. For~~

1 ~~purposes of this Section, "undue economic concentration" means~~
2 ~~that a terminal operator would have such actual or potential~~
3 ~~influence over video gaming terminals in Illinois as to:~~

4 ~~(1) substantially impede or suppress competition among~~
5 ~~terminal operators;~~

6 ~~(2) adversely impact the economic stability of the~~
7 ~~video gaming industry in Illinois; or~~

8 ~~(3) negatively impact the purposes of the Video Gaming~~
9 ~~Act.~~

10 ~~The Board shall adopt rules concerning undue economic~~
11 ~~concentration with respect to the operation of video gaming~~
12 ~~terminals in Illinois. The rules shall include, but not be~~
13 ~~limited to, (i) limitations on the number of video gaming~~
14 ~~terminals operated by any terminal operator within a defined~~
15 ~~geographic radius and (ii) guidelines on the discontinuation of~~
16 ~~operation of any such video gaming terminals the Board~~
17 ~~determines will cause undue economic concentration.~~

18 (j) The provisions of the Illinois Antitrust Act are fully
19 and equally applicable to the activities of any licensee under
20 this Act.

21 (Source: P.A. 101-31, eff. 6-28-19.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law.