



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4934

Introduced 1/27/2022, by Rep. Margaret Croke - Jonathan Carroll

SYNOPSIS AS INTRODUCED:

230 ILCS 45/25-70

Amends the Sports Wagering Act in provisions concerning the Lottery sports wagering pilot program. Provides that the Department of the Lottery shall establish and publish the rules and procedures for the competitive bid process in issuing the central system provider license. Requires the winning bidder to pay no less than \$1,000,000 (rather than paying \$20,000,000) for the central system provider license. Requires the money to be deposited into the State Lottery Fund to be used for the costs of development and administration related to the Lottery sports wagering pilot program, and any funds not used by the Department shall be transferred to the Rebuild Illinois Projects Fund. Provides that sports lottery terminals may be placed in no more than 2,500 Lottery retail locations in the State in any one given year of the sports wagering pilot program (rather than during the first 360 days after the effective date of Public Act 101-31). Provides that the total number of retail locations of the Lottery sports wagering pilot program shall not exceed 5,000 after initial implementation of the Lottery sports wagering pilot program. Provides that the privilege tax due for Lottery sports wagering shall be transferred to the Capital Projects Fund on the last day of each month (rather than the 15th day of each month). Extends the repeal date of provisions concerning the Lottery sports wagering pilot program from January 1, 2024 to July 1, 2030. Makes other and conforming changes. Effective immediately.

LRB102 25965 AMQ 35361 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 Sports Wagering Act is amended by changing
5 Section 25-70 as follows:

6 (230 ILCS 45/25-70)

7 (Section scheduled to be repealed on January 1, 2024)

8 Sec. 25-70. Lottery sports wagering pilot program.

9 (a) As used in this Section:

10 "Central system" means the hardware, software,
11 peripherals, and network components provided by the
12 Department's central system provider that link and support all
13 required sports lottery terminals and the central site and
14 that are unique and separate from the lottery central system
15 for draw and instant games but can integrate with lottery
16 central system hardware if required by the Department.

17 "Central system provider" means an individual,
18 partnership, corporation, or limited liability company that
19 has been licensed for the purpose of providing and maintaining
20 a central system and the related management facilities
21 specifically for the management of sports lottery terminals
22 and sports lottery systems.

23 "Electronic card" means a card purchased from a lottery

1 retailer, a credit card, or a debit card.

2 "Lottery retailer" means a location licensed by the
3 Department to sell lottery tickets or shares or sports wagers.

4 "Sports lottery systems" means systems provided by the
5 central system provider or other provider needed for operating
6 a sports wagering program consisting of, but not limited to,
7 sports wagering products, risk management, operations, and
8 support services.

9 "Sports lottery terminal" means a terminal linked to the
10 central system in which bills or coins are deposited or
11 received by a retailer or an electronic card is inserted in
12 order to place wagers on a sports event and lottery offerings.
13 A wireless device can also be used to communicate with the
14 terminal to place a wager.

15 (b) The Department shall issue one central system provider
16 license pursuant to an open and competitive bidding process.
17 The Department shall establish and publish the rules and
18 procedures for a competitive bid process that uses the
19 following procedures:

20 (1) The Department shall make applications for the
21 central system provider license available to the public
22 and allow a reasonable time for applicants to submit
23 applications to the Department.

24 (2) During the filing period for central system
25 provider license applications, the Department may retain
26 professional services to assist the Department in

1 conducting the open and competitive bidding process.

2 (3) After receiving all of the bid proposals, the
3 Department shall open all of the proposals in a public
4 forum and disclose the prospective central system provider
5 names and venture partners, if any.

6 (4) The Department shall summarize the terms of the
7 bid proposals and may make this summary available to the
8 public.

9 (5) The Department shall evaluate the bid proposals
10 within a reasonable time and select no more than 3 final
11 applicants to make presentations of their bid proposals to
12 the Department.

13 (6) The final applicants shall make their
14 presentations to the Department on the same day during an
15 open session of the Department.

16 (7) As soon as practicable after the public
17 presentations by the final applicants, the Department, in
18 its discretion, may conduct further negotiations among the
19 3 final applicants. At the conclusion of such
20 negotiations, the Department shall select the winning bid.

21 (8) Upon selection of the winning bid, the Department
22 shall evaluate the winning bid within a reasonable period
23 of time for licensee suitability in accordance with all
24 applicable statutory and regulatory criteria.

25 (9) If the winning bidder is unable or otherwise fails
26 to consummate the transaction, (including if the

1 Department determines that the winning bidder does not
2 satisfy the suitability requirements), the Department may,
3 on the same criteria, select from the remaining bidders.

4 (10) The winning bidder shall pay no less than
5 \$1,000,000 ~~\$20,000,000~~ to the Department in accordance
6 with its competitive bid process rules and procedures upon
7 being issued the central system provider license. The
8 money shall be deposited into the State Lottery Fund to be
9 used for the costs of development and administration
10 related to the Lottery sports wagering pilot program. Any
11 funds not used by the Department shall be transferred to
12 the Rebuild Illinois Projects Fund.

13 (c) Every sports lottery terminal offered in this State
14 for play shall first be tested and approved pursuant to the
15 rules of the Department, and each sports lottery terminal
16 offered in this State for play shall conform to an approved
17 model. For the examination of sports lottery terminals and
18 associated equipment as required by this Section, the central
19 system provider may utilize the services of one or more
20 independent outside testing laboratories that have been
21 accredited by a national accreditation body and that, in the
22 judgment of the Department, are qualified to perform such
23 examinations. Every sports lottery terminal offered in this
24 State for play must meet minimum standards set by an
25 independent outside testing laboratory approved by the
26 Department.

1 (d) Sports ~~During the first 360 days after the effective~~
2 ~~date of this Act, sport~~ lottery terminals may be placed in no
3 more than 2,500 Lottery retail locations in the State in any
4 one given year of the Lottery sports wagering pilot program.
5 The total number of retail locations of the Lottery sports
6 wagering pilot program shall not exceed 5,000 after initial
7 implementation of the Lottery sports wagering pilot program.
8 The initial implementation of the Lottery sports wagering
9 pilot program shall begin upon the successful installation and
10 testing of the first sports lottery terminal at a Lottery
11 retail location and the sports lottery terminal is live and
12 open to place wagers. ~~Sports lottery terminals may be placed~~
13 ~~in an additional 2,500 Lottery retail locations during the~~
14 ~~second year after the effective date of this Act.~~

15 (e) A sports lottery terminal may not directly dispense
16 coins, cash, tokens, or any other article of exchange or value
17 except for receipt tickets. Tickets shall be dispensed by
18 pressing the ticket dispensing button on the sports lottery
19 terminal at the end of the placement of one's wager or wagers.
20 The ticket shall indicate the total amount wagered, odds for
21 each wager placed, and the cash award for each bet placed, the
22 time of day in a 24-hour format showing hours and minutes, the
23 date, the terminal serial number, the sequential number of the
24 ticket, and an encrypted validation number from which the
25 validity of the prize may be determined. The player shall turn
26 in this ticket to the Department or its retailer in accordance

1 with the Department's current claim procedures ~~appropriate~~
2 ~~person at a lottery retailer to receive the cash award.~~

3 (f) No lottery retailer may cause or permit any person
4 under the age of 21 years to use a sports lottery terminal or
5 sports wagering application. A lottery retailer who knowingly
6 causes or permits a person under the age of 21 years to use a
7 sports lottery terminal or sports wagering application is
8 guilty of a business offense and shall be fined an amount not
9 to exceed \$5,000.

10 (g) A sports lottery terminal shall only accept parlay
11 wagers and fixed odds parlay wagers. The Department shall, by
12 rule, establish the total amount, as a percentage, of all
13 wagers placed that a lottery retailer may retain.

14 (h) The Department shall have jurisdiction over and shall
15 supervise all lottery sports wagering operations governed by
16 this Section. The Department shall have all powers necessary
17 and proper to fully and effectively execute the provisions of
18 this Section, including, but not limited to, the following:

19 (1) To investigate applicants and determine the
20 eligibility of applicants for licenses and to select among
21 competing applicants the applicants which best serve the
22 interests of the citizens of Illinois.

23 (2) To have jurisdiction and supervision over all
24 lottery sports wagering operations in this State.

25 (3) To adopt rules for the purpose of administering
26 the provisions of this Section and to adopt rules and

1 conditions under which all lottery sports wagering in the
2 State shall be conducted. Such rules are to provide for
3 the prevention of practices detrimental to the public
4 interest and for the best interests of lottery sports
5 wagering, including rules (i) regarding the inspection of
6 such licensees necessary to operate a lottery retailer
7 under any laws or rules applicable to licensees, (ii) to
8 impose penalties for violations of the Act and its rules,
9 and (iii) establishing standards for advertising lottery
10 sports wagering.

11 (i) The Department shall adopt emergency rules to
12 administer this Section in accordance with Section 5-45 of the
13 Illinois Administrative Procedure Act. For the purposes of the
14 Illinois Administrative Procedure Act, the General Assembly
15 finds that the adoption of rules to implement this Section is
16 deemed an emergency and necessary to the public interest,
17 safety, and welfare.

18 (j) For the privilege of operating lottery sports wagering
19 under this Section, all net sports wagering proceeds ~~minus net~~
20 ~~of proceeds returned to players~~ shall be electronically
21 transferred daily or weekly, at the discretion of the Director
22 of the Lottery, into the State Lottery Fund. After amounts
23 owed to the central system provider and licensed agents, and
24 any other amounts owed for costs incurred in the operation and
25 administration of the Lottery sports wagering pilot program,
26 as determined by the Department, are paid from the moneys

1 deposited into the State Lottery Fund under subsection (b) and
2 this subsection, the remainder shall be transferred on the
3 last day 15th of each month to the Capital Projects Fund.
4 Following the reconciliation after a fiscal year audit, if an
5 amount in excess of the annual remaining net sports wagering
6 proceeds is transferred for a fiscal year, then the Director
7 of the Lottery shall offset the transfers for the following
8 fiscal year by the excess amount. If an amount less than the
9 annual remaining net sports wagering proceeds is transferred
10 for a fiscal year, then the Director of the Lottery shall
11 increase the transfer for the following fiscal year by the
12 deficit amount.

13 (k) This Section is repealed on July 1, 2030 ~~January 1,~~
14 ~~2024.~~

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

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.