

SB0620



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB0620

Introduced 2/24/2021, by Sen. Dave Syverson

SYNOPSIS AS INTRODUCED:

230 ILCS 40/5
230 ILCS 40/60

Amends the Video Gaming Act. In the definition of "terminal operator", adds to mean the individual, partnership, corporation, or limited liability company is engaged in the occupation of owning, placing, operating, and maintaining video gaming terminals. Provides that a video gaming terminal is not an amusement for purposes of the Illinois Municipal Code and is a gambling device as defined under federal law. Adds that the act of owning, placing, operating, and maintaining video gaming terminals by terminal operators is an occupation upon which home rule municipalities are prohibited from imposing taxes under the Illinois Constitution.

LRB102 16127 SMS 21503 b

HOME RULE 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 Sections 5 and 60 as follows:

6 (230 ILCS 40/5)

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

8 "Board" means the Illinois Gaming Board.

9 "Credit" means one, 5, 10, or 25 cents either won or
10 purchased by a player.

11 "Distributor" means an individual, partnership,
12 corporation, or limited liability company licensed under this
13 Act to buy, sell, lease, or distribute video gaming terminals
14 or major components or parts of video gaming terminals to or
15 from terminal operators.

16 "Electronic card" means a card purchased from a licensed
17 establishment, licensed fraternal establishment, licensed
18 veterans establishment, licensed truck stop establishment, or
19 licensed large truck stop establishment for use in that
20 establishment as a substitute for cash in the conduct of
21 gaming on a video gaming terminal.

22 "Electronic voucher" means a voucher printed by an
23 electronic video game machine that is redeemable in the

1 licensed establishment for which it was issued.

2 "In-location bonus jackpot" means one or more video gaming
3 terminals at a single licensed establishment that allows for
4 wagers placed on such video gaming terminals to contribute to
5 a cumulative maximum jackpot of up to \$10,000.

6 "Terminal operator" means an individual, partnership,
7 corporation, or limited liability company that is licensed
8 under this Act and that owns, services, and maintains video
9 gaming terminals for placement in licensed establishments,
10 licensed truck stop establishments, licensed large truck stop
11 establishments, licensed fraternal establishments, or licensed
12 veterans establishments and is engaged in the occupation of
13 owning, placing, operating, and maintaining video gaming
14 terminals.

15 "Licensed technician" means an individual who is licensed
16 under this Act to repair, service, and maintain video gaming
17 terminals.

18 "Licensed terminal handler" means a person, including but
19 not limited to an employee or independent contractor working
20 for a manufacturer, distributor, supplier, technician, or
21 terminal operator, who is licensed under this Act to possess
22 or control a video gaming terminal or to have access to the
23 inner workings of a video gaming terminal. A licensed terminal
24 handler does not include an individual, partnership,
25 corporation, or limited liability company defined as a
26 manufacturer, distributor, supplier, technician, or terminal

1 operator under this Act.

2 "Manufacturer" means an individual, partnership,
3 corporation, or limited liability company that is licensed
4 under this Act and that manufactures or assembles video gaming
5 terminals.

6 "Supplier" means an individual, partnership, corporation,
7 or limited liability company that is licensed under this Act
8 to supply major components or parts to video gaming terminals
9 to licensed terminal operators.

10 "Net terminal income" means money put into a video gaming
11 terminal minus credits paid out to players.

12 "Video gaming terminal" means any electronic video game
13 machine that, upon insertion of cash, electronic cards or
14 vouchers, or any combination thereof, is available to play or
15 simulate the play of a video game, including but not limited to
16 video poker, line up, and blackjack, as authorized by the
17 Board utilizing a video display and microprocessors in which
18 the player may receive free games or credits that can be
19 redeemed for cash. The term does not include a machine that
20 directly dispenses coins, cash, or tokens or is for amusement
21 purposes only. "Video gaming terminal" is not an amusement for
22 purposes of Section 11-42-5 of the Illinois Municipal Code.
23 "Video gaming terminal" is a gambling device as defined under
24 15 U.S.C. 1171.

25 "Licensed establishment" means any licensed retail
26 establishment where alcoholic liquor is drawn, poured, mixed,

1 or otherwise served for consumption on the premises, whether
2 the establishment operates on a nonprofit or for-profit basis.

3 "Licensed establishment" includes any such establishment that
4 has a contractual relationship with an inter-track wagering
5 location licensee licensed under the Illinois Horse Racing Act
6 of 1975, provided any contractual relationship shall not
7 include any transfer or offer of revenue from the operation of
8 video gaming under this Act to any licensee licensed under the
9 Illinois Horse Racing Act of 1975. Provided, however, that the
10 licensed establishment that has such a contractual
11 relationship with an inter-track wagering location licensee
12 may not, itself, be (i) an inter-track wagering location
13 licensee, (ii) the corporate parent or subsidiary of any
14 licensee licensed under the Illinois Horse Racing Act of 1975,
15 or (iii) the corporate subsidiary of a corporation that is
16 also the corporate parent or subsidiary of any licensee
17 licensed under the Illinois Horse Racing Act of 1975.

18 "Licensed establishment" does not include a facility operated
19 by an organization licensee, an inter-track wagering licensee,
20 or an inter-track wagering location licensee licensed under
21 the Illinois Horse Racing Act of 1975 or a riverboat licensed
22 under the Illinois Gambling Act, except as provided in this
23 paragraph. The changes made to this definition by Public Act
24 98-587 are declarative of existing law.

25 "Licensed fraternal establishment" means the location
26 where a qualified fraternal organization that derives its

1 charter from a national fraternal organization regularly
2 meets.

3 "Licensed veterans establishment" means the location where
4 a qualified veterans organization that derives its charter
5 from a national veterans organization regularly meets.

6 "Licensed truck stop establishment" means a facility (i)
7 that is at least a 3-acre facility with a convenience store,
8 (ii) with separate diesel islands for fueling commercial motor
9 vehicles, (iii) that sells at retail more than 10,000 gallons
10 of diesel or biodiesel fuel per month, and (iv) with parking
11 spaces for commercial motor vehicles. "Commercial motor
12 vehicles" has the same meaning as defined in Section 18b-101
13 of the Illinois Vehicle Code. The requirement of item (iii) of
14 this paragraph may be met by showing that estimated future
15 sales or past sales average at least 10,000 gallons per month.

16 "Licensed large truck stop establishment" means a facility
17 located within 3 road miles from a freeway interchange, as
18 measured in accordance with the Department of Transportation's
19 rules regarding the criteria for the installation of business
20 signs: (i) that is at least a 3-acre facility with a
21 convenience store, (ii) with separate diesel islands for
22 fueling commercial motor vehicles, (iii) that sells at retail
23 more than 50,000 gallons of diesel or biodiesel fuel per
24 month, and (iv) with parking spaces for commercial motor
25 vehicles. "Commercial motor vehicles" has the same meaning as
26 defined in Section 18b-101 of the Illinois Vehicle Code. The

1 requirement of item (iii) of this paragraph may be met by
2 showing that estimated future sales or past sales average at
3 least 50,000 gallons per month.

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

5 (230 ILCS 40/60)

6 Sec. 60. Imposition and distribution of tax.

7 (a) A tax of 30% is imposed on net terminal income and
8 shall be collected by the Board.

9 Of the tax collected under this subsection (a),
10 five-sixths shall be deposited into the Capital Projects Fund
11 and one-sixth shall be deposited into the Local Government
12 Video Gaming Distributive Fund.

13 (b) Beginning on July 1, 2019, an additional tax of 3% is
14 imposed on net terminal income and shall be collected by the
15 Board.

16 Beginning on July 1, 2020, an additional tax of 1% is
17 imposed on net terminal income and shall be collected by the
18 Board.

19 The tax collected under this subsection (b) shall be
20 deposited into the Capital Projects Fund.

21 (c) Revenues generated from the play of video gaming
22 terminals shall be deposited by the terminal operator, who is
23 responsible for tax payments, in a specially created, separate
24 bank account maintained by the video gaming terminal operator
25 to allow for electronic fund transfers of moneys for tax

1 payment.

2 (d) Each licensed establishment, licensed truck stop
3 establishment, licensed large truck stop establishment,
4 licensed fraternal establishment, and licensed veterans
5 establishment shall maintain an adequate video gaming fund,
6 with the amount to be determined by the Board.

7 (e) The State's percentage of net terminal income shall be
8 reported and remitted to the Board within 15 days after the
9 15th day of each month and within 15 days after the end of each
10 month by the video terminal operator. A video terminal
11 operator who falsely reports or fails to report the amount due
12 required by this Section is guilty of a Class 4 felony and is
13 subject to termination of his or her license by the Board. Each
14 video terminal operator shall keep a record of net terminal
15 income in such form as the Board may require. All payments not
16 remitted when due shall be paid together with a penalty
17 assessment on the unpaid balance at a rate of 1.5% per month.

18 (f) The act of owning, placing, operating, and maintaining
19 video gaming terminals by terminal operators is an occupation
20 upon which home rule municipalities are prohibited from
21 imposing taxes under subsection (e) of Section 6 of Article
22 VII of the Illinois Constitution. This subsection (f) is a
23 limitation, pursuant to subsection (g) of Section 6 of Article
24 VII of the Illinois Constitution, on the power of home rule
25 units to tax.

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