



## 103RD GENERAL ASSEMBLY

### State of Illinois

### 2023 and 2024

#### HB5230

Introduced 2/9/2024, by Rep. Margaret Croke

#### SYNOPSIS AS INTRODUCED:

20 ILCS 1605/20	from Ch. 120, par. 1170
20 ILCS 1605/20.1	from Ch. 120, par. 1170.1
20 ILCS 1605/24	from Ch. 120, par. 1174
20 ILCS 1605/27	from Ch. 120, par. 1177

Amends the Illinois Lottery Law. Provides that the State Lottery Fund shall receive from the sale of lottery tickets or shares consisting of the net of commissions and fees representing those expenses that are directly proportionate to the sale of tickets or shares at the agent location and prizes of \$600 or less (rather than less than \$600) which have been validly paid at the agent level. Makes a conforming change. Provides that the Department of Lottery may pay any prize (rather than prizes up to \$25,000) from funds held by the Department in an account separate and apart from all public moneys of the State. Removes provisions allowing moneys in the account to be deposited by the Department into the Public Treasurers' Investment Pool or used to pay amounts to deferred prize winners. Allows the Department to contract (rather than the State Treasurer with the consent of the Director of the Lottery) with any person or corporation, including, without limitation, a bank, banking house, trust company or investment banking firm, to perform such financial functions, activities, or services in connection with operation of the lottery. Allows, with the consent of the Director, the State Treasurer to act as an agent of the Department to perform the financial functions as the Director may prescribe. Removes language requiring the Director to prepare and send to the State Comptroller vouchers requesting payment from the Deferred Lottery Prize Winners Trust Fund to deferred prize winners.

LRB103 38853 AWJ 68990 b

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Lottery Law is amended by changing  
5 Sections 20, 20.1, 24, and 27 as follows:

6 (20 ILCS 1605/20) (from Ch. 120, par. 1170)

7 Sec. 20. State Lottery Fund.

8 (a) There is created in the State Treasury a special fund  
9 to be known as the State Lottery Fund. Such fund shall consist  
10 of all revenues received from (1) the sale of lottery tickets  
11 or shares, (net of commissions, fees representing those  
12 expenses that are directly proportionate to the sale of  
13 tickets or shares at the agent location, and prizes of ~~less~~  
14 ~~than~~ \$600 or less which have been validly paid at the agent  
15 level), (2) application fees, and (3) all other sources  
16 including moneys credited or transferred thereto from any  
17 other fund or source pursuant to law. Interest earnings of the  
18 State Lottery Fund shall be credited to the Common School  
19 Fund.

20 (a-5) The receipt and distribution of moneys under Section  
21 21.4 of this Act shall be in accordance with Section 21.4.

22 (b) The receipt and distribution of moneys under Section  
23 21.5 of this Law shall be in accordance with Section 21.5.

1 (c) The receipt and distribution of moneys under Section  
2 21.6 of this Law shall be in accordance with Section 21.6.

3 (d) The receipt and distribution of moneys under Section  
4 21.7 of this Law shall be in accordance with Section 21.7.

5 (e) The receipt and distribution of moneys under Section  
6 21.8 of this Law shall be in accordance with Section 21.8.

7 (f) The receipt and distribution of moneys under Section  
8 21.9 of this Law shall be in accordance with Section 21.9.

9 (g) The receipt and distribution of moneys under Section  
10 21.10 of this Law shall be in accordance with Section 21.10.

11 (h) The receipt and distribution of moneys under Section  
12 21.11 of this Law shall be in accordance with Section 21.11.

13 (i) (Blank).

14 (j) The receipt and distribution of moneys under Section  
15 21.13 of this Law shall be in accordance with Section 21.13.

16 (k) The receipt and distribution of moneys under Section  
17 25-70 of the Sports Wagering Act shall be in accordance with  
18 Section 25-70 of the Sports Wagering Act.

19 (l) The receipt and distribution of moneys under Section  
20 21.15 of this Law shall be in accordance with Section 21.15.

21 (m) The receipt and distribution of moneys under Section  
22 21.16 of this Law shall be in accordance with Section 21.16.

23 (Source: P.A. 102-16, eff. 6-17-21; 103-381, eff. 7-28-23.)

24 (20 ILCS 1605/20.1) (from Ch. 120, par. 1170.1)

25 Sec. 20.1. Department account.

1           (a) The Department is authorized to pay validated prizes  
2 ~~up to \$25,000~~ from funds held by the Department in an account  
3 separate and apart from all public moneys of the State. Moneys  
4 in this account shall be administered by the Director  
5 exclusively for the purposes of issuing payments to prize  
6 winners authorized by this Section. ~~Moneys in this account~~  
7 ~~shall be deposited by the Department into the Public~~  
8 ~~Treasurers' Investment Pool established under Section 17 of~~  
9 ~~the State Treasurer Act.~~ The Department shall submit vouchers  
10 from time to time as needed for reimbursement of this account  
11 from moneys appropriated for prizes from the State Lottery  
12 Fund. Investment income earned from this account shall be  
13 deposited ~~monthly~~ by the Department into the Common School  
14 Fund. The Department shall file quarterly fiscal reports  
15 specifying the activity of this account as required under  
16 Section 16 of the State Comptroller Act, and shall file  
17 quarterly with the General Assembly, the Auditor General, the  
18 Comptroller, and the State Treasurer a report indicating the  
19 costs associated with this activity.

20           (b) The Department is authorized to enter into an  
21 interagency agreement with the Office of the Comptroller or  
22 any other State agency to establish responsibilities, duties,  
23 and procedures for complying with the Comptroller's Offset  
24 System under Section 10.05 of the State Comptroller Act. All  
25 federal and State tax reporting and withholding requirements  
26 relating to prize winners under this Section shall be the

1 responsibility of the Department. ~~Moneys from this account may~~  
2 ~~not be used to pay amounts to deferred prize winners.~~ Moneys  
3 may not be transferred from the State Lottery Fund to this  
4 account for payment of prizes under this Section until  
5 procedures are implemented to comply with the Comptroller's  
6 Offset System and sufficient internal controls are in place to  
7 validate prizes.

8 (Source: P.A. 97-464, eff. 10-15-11; 98-499, eff. 8-16-13.)

9 (20 ILCS 1605/24) (from Ch. 120, par. 1174)

10 Sec. 24. The State Comptroller shall conduct a preaudit of  
11 all accounts and transactions of the Department in connection  
12 with the operation of the State Lottery under the State  
13 Comptroller Act, excluding payments issued by the Department  
14 for prizes of \$25,000 or less.

15 The Auditor General or a certified public accountant firm  
16 appointed by him shall conduct an annual post-audit of all  
17 accounts and transactions of the Department in connection with  
18 the operation of the State Lottery and other special post  
19 audits as the Auditor General, the Legislative Audit  
20 Commission, or the General Assembly deems necessary. The  
21 annual post-audits shall include payments made by lottery  
22 sales agents of prizes of ~~less than~~ \$600 or less authorized  
23 under Section 20, and payments made by the Department of  
24 prizes ~~up to \$25,000~~ authorized under Section 20.1. The  
25 Auditor General or his agent conducting an audit under this

1 Act shall have access and authority to examine any and all  
2 records of the Department or the Board, its distributing  
3 agents and its licensees.

4 (Source: P.A. 94-776, eff. 5-19-06.)

5 (20 ILCS 1605/27) (from Ch. 120, par. 1177)

6 Sec. 27. (a) The Department may ~~State Treasurer may, with~~  
7 ~~the consent of the Director,~~ contract with any person or  
8 corporation, including, without limitation, a bank, banking  
9 house, trust company or investment banking firm, to perform  
10 such financial functions, activities or services in connection  
11 with operation of the lottery. The State Treasurer may, with  
12 the consent of the Director, act as an agent of the Department  
13 to perform the financial functions as the Director may  
14 prescribe as the State Treasurer and the Director may  
15 prescribe.

16 (b) All proceeds from investments made pursuant to  
17 contracts executed by the Department or the State Treasurer,  
18 with the consent of the Director, to perform financial  
19 functions, activities or services in connection with operation  
20 of the lottery, shall be deposited and held ~~by the State~~  
21 ~~Treasurer as ex officio custodian thereof,~~ separate and apart  
22 from all public money or funds of this State in a special trust  
23 fund outside the State treasury. Such trust fund shall be  
24 known as the "Deferred Lottery Prize Winners Trust Fund", and  
25 shall be administered by the Director.

1       ~~The Director shall, at such times and in such amounts as~~  
2       ~~shall be necessary, prepare and send to the State Comptroller~~  
3       ~~vouchers requesting payment from the Deferred Lottery Prize~~  
4       ~~Winners Trust Fund to deferred prize winners, in a manner that~~  
5       ~~will insure the timely payment of such amounts owed.~~

6       This Act shall constitute an irrevocable appropriation of  
7       all amounts necessary for that purpose, and the irrevocable  
8       and continuing authority for and direction to the Director and  
9       the State Treasurer to make the necessary payments out of such  
10      trust fund for that purpose.

11      (c) Moneys invested pursuant to subsection (a) of this  
12      Section may be invested only in bonds, notes, certificates of  
13      indebtedness, treasury bills, or other securities constituting  
14      direct obligations of the United States of America and all  
15      securities or obligations the prompt payment of principal and  
16      interest of which is guaranteed by a pledge of the full faith  
17      and credit of the United States of America. Interest earnings  
18      on moneys in the Deferred Lottery Prize Winners Trust Fund  
19      shall remain in such fund and be used to pay the winners of  
20      lottery prizes deferred as to payment until such obligations  
21      are discharged. Proceeds from bonds purchased and interest  
22      accumulated as a result of a grand prize multi-state game  
23      ticket that goes unclaimed will be transferred after the  
24      termination of the relevant claim period directly from the  
25      lottery's Deferred Lottery Prize Winners Trust Fund to each  
26      respective multi-state partner state according to its

1 contribution ratio.

2 (c-5) If a deferred lottery prize is not claimed within  
3 the claim period established by game rule, then the securities  
4 or other instruments purchased to fund the prize shall be  
5 liquidated and the liquidated amount shall be transferred to  
6 the State Lottery Fund for disposition pursuant to Section 19  
7 of this Act.

8 (c-10) The Director may use a portion of the moneys in the  
9 Deferred Lottery Prize Winners Trust Fund to purchase bonds to  
10 pay a lifetime prize if the prize duration exceeds the length  
11 of available securities. If the winner of a lifetime prize  
12 exceeds his or her life expectancy as determined using  
13 actuarial assumptions and the securities or moneys set aside  
14 to pay the prize have been exhausted, moneys in the State  
15 Lottery Fund shall be used to make payments to the winner for  
16 the duration of the winner's life.

17 (c-15) From time to time, the Director may request that  
18 the State Comptroller transfer any excess moneys in the  
19 Deferred Lottery Prize Winners Trust Fund to the State Lottery  
20 Fund.

21 (d) This amendatory Act of 1985 shall be construed  
22 liberally to effect the purposes of the Illinois Lottery Law.

23 (Source: P.A. 97-464, eff. 10-15-11; 98-463, eff. 8-16-13;  
24 98-499, eff. 8-16-13.)