



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1545

Introduced 2/22/2007, by Rep. Dave Winters

SYNOPSIS AS INTRODUCED:

230 ILCS 10/7
230 ILCS 10/7.5

from Ch. 120, par. 2407

Amends the Riverboat Gambling Act. Requires that any license authorizing the conduct of gambling under the Act issued by the Illinois Gaming Board after the effective date must be issued pursuant to the competitive bidding process contained in the Act. Effective immediately.

LRB095 10018 AMC 30232 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 Riverboat Gambling Act is amended by
5 changing Sections 7 and 7.5 as follows:

6 (230 ILCS 10/7) (from Ch. 120, par. 2407)

7 Sec. 7. Owners Licenses.

8 (a) The Board shall issue owners licenses to persons, firms
9 or corporations which apply for such licenses upon payment to
10 the Board of the non-refundable license fee set by the Board,
11 upon payment of a \$25,000 license fee for the first year of
12 operation and a \$5,000 license fee for each succeeding year and
13 upon a determination by the Board that the applicant is
14 eligible for an owners license pursuant to this Act and the
15 rules of the Board. For a period of 2 years beginning on the
16 effective date of this amendatory Act of the 94th General
17 Assembly, as a condition of licensure and as an alternative
18 source of payment for those funds payable under subsection
19 (c-5) of Section 13 of the Riverboat Gambling Act, any owners
20 licensee that holds or receives its owners license on or after
21 the effective date of this amendatory Act of the 94th General
22 Assembly, other than an owners licensee operating a riverboat
23 with adjusted gross receipts in calendar year 2004 of less than

1 \$200,000,000, must pay into the Horse Racing Equity Trust Fund,
2 in addition to any other payments required under this Act, an
3 amount equal to 3% of the adjusted gross receipts received by
4 the owners licensee. The payments required under this Section
5 shall be made by the owners licensee to the State Treasurer no
6 later than 3:00 o'clock p.m. of the day after the day when the
7 adjusted gross receipts were received by the owners licensee. A
8 person, firm or corporation is ineligible to receive an owners
9 license if:

10 (1) the person has been convicted of a felony under the
11 laws of this State, any other state, or the United States;

12 (2) the person has been convicted of any violation of
13 Article 28 of the Criminal Code of 1961, or substantially
14 similar laws of any other jurisdiction;

15 (3) the person has submitted an application for a
16 license under this Act which contains false information;

17 (4) the person is a member of the Board;

18 (5) a person defined in (1), (2), (3) or (4) is an
19 officer, director or managerial employee of the firm or
20 corporation;

21 (6) the firm or corporation employs a person defined in
22 (1), (2), (3) or (4) who participates in the management or
23 operation of gambling operations authorized under this
24 Act;

25 (7) (blank); or

26 (8) a license of the person, firm or corporation issued

1 under this Act, or a license to own or operate gambling
2 facilities in any other jurisdiction, has been revoked.

3 (b) In determining whether to grant an owners license to an
4 applicant, the Board shall consider:

5 (1) the character, reputation, experience and
6 financial integrity of the applicants and of any other or
7 separate person that either:

8 (A) controls, directly or indirectly, such
9 applicant, or

10 (B) is controlled, directly or indirectly, by such
11 applicant or by a person which controls, directly or
12 indirectly, such applicant;

13 (2) the facilities or proposed facilities for the
14 conduct of riverboat gambling;

15 (3) the highest prospective total revenue to be derived
16 by the State from the conduct of riverboat gambling;

17 (4) the extent to which the ownership of the applicant
18 reflects the diversity of the State by including minority
19 persons and females and the good faith affirmative action
20 plan of each applicant to recruit, train and upgrade
21 minority persons and females in all employment
22 classifications;

23 (5) the financial ability of the applicant to purchase
24 and maintain adequate liability and casualty insurance;

25 (6) whether the applicant has adequate capitalization
26 to provide and maintain, for the duration of a license, a

1 riverboat;

2 (7) the extent to which the applicant exceeds or meets
3 other standards for the issuance of an owners license which
4 the Board may adopt by rule; and

5 (8) The amount of the applicant's license bid.

6 (c) Each owners license shall specify the place where
7 riverboats shall operate and dock.

8 (d) Each applicant shall submit with his application, on
9 forms provided by the Board, 2 sets of his fingerprints.

10 (e) The Board may issue up to 10 licenses authorizing the
11 holders of such licenses to own riverboats. In the application
12 for an owners license, the applicant shall state the dock at
13 which the riverboat is based and the water on which the
14 riverboat will be located. The Board shall issue 5 licenses to
15 become effective not earlier than January 1, 1991. Three of
16 such licenses shall authorize riverboat gambling on the
17 Mississippi River, or, with approval by the municipality in
18 which the riverboat was docked on August 7, 2003 and with Board
19 approval, be authorized to relocate to a new location, in a
20 municipality that (1) borders on the Mississippi River or is
21 within 5 miles of the city limits of a municipality that
22 borders on the Mississippi River and (2), on August 7, 2003,
23 had a riverboat conducting riverboat gambling operations
24 pursuant to a license issued under this Act; one of which shall
25 authorize riverboat gambling from a home dock in the city of
26 East St. Louis. One other license shall authorize riverboat

1 gambling on the Illinois River south of Marshall County. The
2 Board shall issue one additional license to become effective
3 not earlier than March 1, 1992, which shall authorize riverboat
4 gambling on the Des Plaines River in Will County. The Board may
5 issue 4 additional licenses to become effective not earlier
6 than March 1, 1992. In determining the water upon which
7 riverboats will operate, the Board shall consider the economic
8 benefit which riverboat gambling confers on the State, and
9 shall seek to assure that all regions of the State share in the
10 economic benefits of riverboat gambling.

11 In granting all licenses, the Board may give favorable
12 consideration to economically depressed areas of the State, to
13 applicants presenting plans which provide for significant
14 economic development over a large geographic area, and to
15 applicants who currently operate non-gambling riverboats in
16 Illinois. The Board shall review all applications for owners
17 licenses, and shall inform each applicant of the Board's
18 decision. The Board may grant an owners license to an applicant
19 that has not submitted the highest license bid, but if it does
20 not select the highest bidder, the Board shall issue a written
21 decision explaining why another applicant was selected and
22 identifying the factors set forth in this Section that favored
23 the winning bidder.

24 In addition to any other revocation powers granted to the
25 Board under this Act, the Board may revoke the owners license
26 of a licensee which fails to begin conducting gambling within

1 15 months of receipt of the Board's approval of the application
2 if the Board determines that license revocation is in the best
3 interests of the State.

4 (e-5) Any license authorizing the conduct of gambling under
5 this Act issued by the Board after the effective date of this
6 amendatory Act of the 95th General Assembly must be issued
7 pursuant to the competitive bidding process contained in
8 Section 7.5 of this Act.

9 (f) The first 10 owners licenses issued under this Act
10 shall permit the holder to own up to 2 riverboats and equipment
11 thereon for a period of 3 years after the effective date of the
12 license. Holders of the first 10 owners licenses must pay the
13 annual license fee for each of the 3 years during which they
14 are authorized to own riverboats.

15 (g) Upon the termination, expiration, or revocation of each
16 of the first 10 licenses, which shall be issued for a 3 year
17 period, all licenses are renewable annually upon payment of the
18 fee and a determination by the Board that the licensee
19 continues to meet all of the requirements of this Act and the
20 Board's rules. However, for licenses renewed on or after May 1,
21 1998, renewal shall be for a period of 4 years, unless the
22 Board sets a shorter period.

23 (h) An owners license shall entitle the licensee to own up
24 to 2 riverboats. A licensee shall limit the number of gambling
25 participants to 1,200 for any such owners license. A licensee
26 may operate both of its riverboats concurrently, provided that

1 the total number of gambling participants on both riverboats
2 does not exceed 1,200. Riverboats licensed to operate on the
3 Mississippi River and the Illinois River south of Marshall
4 County shall have an authorized capacity of at least 500
5 persons. Any other riverboat licensed under this Act shall have
6 an authorized capacity of at least 400 persons.

7 (i) A licensed owner is authorized to apply to the Board
8 for and, if approved therefor, to receive all licenses from the
9 Board necessary for the operation of a riverboat, including a
10 liquor license, a license to prepare and serve food for human
11 consumption, and other necessary licenses. All use, occupation
12 and excise taxes which apply to the sale of food and beverages
13 in this State and all taxes imposed on the sale or use of
14 tangible personal property apply to such sales aboard the
15 riverboat.

16 (j) The Board may issue or re-issue a license authorizing a
17 riverboat to dock in a municipality or approve a relocation
18 under Section 11.2 only if, prior to the issuance or
19 re-issuance of the license or approval, the governing body of
20 the municipality in which the riverboat will dock has by a
21 majority vote approved the docking of riverboats in the
22 municipality. The Board may issue or re-issue a license
23 authorizing a riverboat to dock in areas of a county outside
24 any municipality or approve a relocation under Section 11.2
25 only if, prior to the issuance or re-issuance of the license or
26 approval, the governing body of the county has by a majority

1 vote approved of the docking of riverboats within such areas.
2 (Source: P.A. 93-28, eff. 6-20-03; 93-453, eff. 8-7-03; 94-667,
3 eff. 8-23-05; 94-804, eff. 5-26-06.)

4 (230 ILCS 10/7.5)

5 Sec. 7.5. Competitive Bidding. When the Board (i) re-issues
6 ~~determines that it will re-issue~~ an owners license pursuant to
7 an open and competitive bidding process, as set forth in
8 Section 7.1, (ii) issues ~~or that it will issue~~ a managers
9 license pursuant to an open and competitive bidding process, as
10 set forth in Section 7.4, or (iii) issues a license authorizing
11 the conduct of gambling under this Act after the effective date
12 of this amendatory Act of the 95th General Assembly pursuant to
13 an open and competitive bidding process, as provided in
14 subsection (e-5) of Section 7, the open and competitive bidding
15 process shall adhere to the following procedures:

16 (1) The Board shall make applications for owners and
17 managers licenses available to the public and allow a
18 reasonable time for applicants to submit applications to the
19 Board.

20 (2) During the filing period for owners or managers license
21 applications, the Board may retain the services of an
22 investment banking firm to assist the Board in conducting the
23 open and competitive bidding process.

24 (3) After receiving all of the bid proposals, the Board
25 shall open all of the proposals in a public forum and disclose

1 the prospective owners or managers names, venture partners, if
2 any, and, in the case of applicants for owners licenses, the
3 locations of the proposed development sites.

4 (4) The Board shall summarize the terms of the proposals
5 and may make this summary available to the public.

6 (5) The Board shall evaluate the proposals within a
7 reasonable time and select no more than 3 final applicants to
8 make presentations of their proposals to the Board.

9 (6) The final applicants shall make their presentations to
10 the Board on the same day during an open session of the Board.

11 (7) As soon as practicable after the public presentations
12 by the final applicants, the Board, in its discretion, may
13 conduct further negotiations among the 3 final applicants.
14 During such negotiations, each final applicant may increase its
15 license bid or otherwise enhance its bid proposal. At the
16 conclusion of such negotiations, the Board shall select the
17 winning proposal. In the case of negotiations for an owners
18 license, the Board may, at the conclusion of such negotiations,
19 make the determination allowed under Section 7.3(a).

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

24 (9) If the winning bidder is unable or otherwise fails to
25 consummate the transaction, (including if the Board determines
26 that the winning bidder does not satisfy the suitability

1 requirements), the Board may, on the same criteria, select from
2 the remaining bidders or make the determination allowed under
3 Section 7.3(a).

4 (Source: P.A. 93-28, eff. 6-20-03.)

5 Section 99. Effective date. This Act takes effect upon
6 becoming law.