



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4619

by Rep. Wyvetter H. Younge

SYNOPSIS AS INTRODUCED:

230 ILCS 10/7	from Ch. 120, par. 2407
230 ILCS 10/13	from Ch. 120, par. 2413

Amends the Riverboat Gambling Act. Authorizes the Board to issue 2 additional owners licenses to a person, firm, or corporation in which minority persons and females hold ownership interests of at least 16% and 4% respectively. In provisions concerning distributions from the State Gaming Fund, increases the percentage of adjusted gross receipts generated by a riverboat that is paid monthly to the unit of local government that is designated as the home dock of the riverboat from 5% to 6%. Effective immediately.

LRB095 18433 AMC 44519 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 13 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.

7 After the effective date of this amendatory Act of the 95th
8 General Assembly, the Board may issue 2 additional owners
9 licenses to a person, firm, or corporation in which minority
10 persons and females hold ownership interests of at least 16%
11 and 4% respectively.

12 In determining the water upon which riverboats will
13 operate, the Board shall consider the economic benefit which
14 riverboat gambling confers on the State, and shall seek to
15 assure that all regions of the State share in the economic
16 benefits of riverboat gambling.

17 In granting all licenses, the Board may give favorable
18 consideration to economically depressed areas of the State, to
19 applicants presenting plans which provide for significant
20 economic development over a large geographic area, and to
21 applicants who currently operate non-gambling riverboats in
22 Illinois. The Board shall review all applications for owners
23 licenses, and shall inform each applicant of the Board's
24 decision. The Board may grant an owners license to an applicant
25 that has not submitted the highest license bid, but if it does
26 not select the highest bidder, the Board shall issue a written

1 decision explaining why another applicant was selected and
2 identifying the factors set forth in this Section that favored
3 the winning bidder.

4 In addition to any other revocation powers granted to the
5 Board under this Act, the Board may revoke the owners license
6 of a licensee which fails to begin conducting gambling within
7 15 months of receipt of the Board's approval of the application
8 if the Board determines that license revocation is in the best
9 interests of the State.

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

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

24 (h) An owners license shall entitle the licensee to own up
25 to 2 riverboats. A licensee shall limit the number of gambling
26 participants to 1,200 for any such owners license. A licensee

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

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

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

1 approval, the governing body of the county has by a majority
2 vote approved of the docking of riverboats within such areas.

3 (Source: P.A. 93-28, eff. 6-20-03; 93-453, eff. 8-7-03; 94-667,
4 eff. 8-23-05; 94-804, eff. 5-26-06.)

5 (230 ILCS 10/13) (from Ch. 120, par. 2413)

6 Sec. 13. Wagering tax; rate; distribution.

7 (a) Until January 1, 1998, a tax is imposed on the adjusted
8 gross receipts received from gambling games authorized under
9 this Act at the rate of 20%.

10 (a-1) From January 1, 1998 until July 1, 2002, a privilege
11 tax is imposed on persons engaged in the business of conducting
12 riverboat gambling operations, based on the adjusted gross
13 receipts received by a licensed owner from gambling games
14 authorized under this Act at the following rates:

15 15% of annual adjusted gross receipts up to and
16 including \$25,000,000;

17 20% of annual adjusted gross receipts in excess of
18 \$25,000,000 but not exceeding \$50,000,000;

19 25% of annual adjusted gross receipts in excess of
20 \$50,000,000 but not exceeding \$75,000,000;

21 30% of annual adjusted gross receipts in excess of
22 \$75,000,000 but not exceeding \$100,000,000;

23 35% of annual adjusted gross receipts in excess of
24 \$100,000,000.

25 (a-2) From July 1, 2002 until July 1, 2003, a privilege tax

1 is imposed on persons engaged in the business of conducting
2 riverboat gambling operations, other than licensed managers
3 conducting riverboat gambling operations on behalf of the
4 State, based on the adjusted gross receipts received by a
5 licensed owner from gambling games authorized under this Act at
6 the following rates:

7 15% of annual adjusted gross receipts up to and
8 including \$25,000,000;

9 22.5% of annual adjusted gross receipts in excess of
10 \$25,000,000 but not exceeding \$50,000,000;

11 27.5% of annual adjusted gross receipts in excess of
12 \$50,000,000 but not exceeding \$75,000,000;

13 32.5% of annual adjusted gross receipts in excess of
14 \$75,000,000 but not exceeding \$100,000,000;

15 37.5% of annual adjusted gross receipts in excess of
16 \$100,000,000 but not exceeding \$150,000,000;

17 45% of annual adjusted gross receipts in excess of
18 \$150,000,000 but not exceeding \$200,000,000;

19 50% of annual adjusted gross receipts in excess of
20 \$200,000,000.

21 (a-3) Beginning July 1, 2003, a privilege tax is imposed on
22 persons engaged in the business of conducting riverboat
23 gambling operations, other than licensed managers conducting
24 riverboat gambling operations on behalf of the State, based on
25 the adjusted gross receipts received by a licensed owner from
26 gambling games authorized under this Act at the following

1 rates:

2 15% of annual adjusted gross receipts up to and
3 including \$25,000,000;

4 27.5% of annual adjusted gross receipts in excess of
5 \$25,000,000 but not exceeding \$37,500,000;

6 32.5% of annual adjusted gross receipts in excess of
7 \$37,500,000 but not exceeding \$50,000,000;

8 37.5% of annual adjusted gross receipts in excess of
9 \$50,000,000 but not exceeding \$75,000,000;

10 45% of annual adjusted gross receipts in excess of
11 \$75,000,000 but not exceeding \$100,000,000;

12 50% of annual adjusted gross receipts in excess of
13 \$100,000,000 but not exceeding \$250,000,000;

14 70% of annual adjusted gross receipts in excess of
15 \$250,000,000.

16 An amount equal to the amount of wagering taxes collected
17 under this subsection (a-3) that are in addition to the amount
18 of wagering taxes that would have been collected if the
19 wagering tax rates under subsection (a-2) were in effect shall
20 be paid into the Common School Fund.

21 The privilege tax imposed under this subsection (a-3) shall
22 no longer be imposed beginning on the earlier of (i) July 1,
23 2005; (ii) the first date after June 20, 2003 that riverboat
24 gambling operations are conducted pursuant to a dormant
25 license; or (iii) the first day that riverboat gambling
26 operations are conducted under the authority of an owners

1 license that is in addition to the 10 owners licenses initially
2 authorized under this Act. For the purposes of this subsection
3 (a-3), the term "dormant license" means an owners license that
4 is authorized by this Act under which no riverboat gambling
5 operations are being conducted on June 20, 2003.

6 (a-4) Beginning on the first day on which the tax imposed
7 under subsection (a-3) is no longer imposed, a privilege tax is
8 imposed on persons engaged in the business of conducting
9 riverboat gambling operations, other than licensed managers
10 conducting riverboat gambling operations on behalf of the
11 State, based on the adjusted gross receipts received by a
12 licensed owner from gambling games authorized under this Act at
13 the following rates:

14 15% of annual adjusted gross receipts up to and
15 including \$25,000,000;

16 22.5% of annual adjusted gross receipts in excess of
17 \$25,000,000 but not exceeding \$50,000,000;

18 27.5% of annual adjusted gross receipts in excess of
19 \$50,000,000 but not exceeding \$75,000,000;

20 32.5% of annual adjusted gross receipts in excess of
21 \$75,000,000 but not exceeding \$100,000,000;

22 37.5% of annual adjusted gross receipts in excess of
23 \$100,000,000 but not exceeding \$150,000,000;

24 45% of annual adjusted gross receipts in excess of
25 \$150,000,000 but not exceeding \$200,000,000;

26 50% of annual adjusted gross receipts in excess of

1 \$200,000,000.

2 (a-8) Riverboat gambling operations conducted by a
3 licensed manager on behalf of the State are not subject to the
4 tax imposed under this Section.

5 (a-10) The taxes imposed by this Section shall be paid by
6 the licensed owner to the Board not later than 3:00 o'clock
7 p.m. of the day after the day when the wagers were made.

8 (a-15) If the privilege tax imposed under subsection (a-3)
9 is no longer imposed pursuant to item (i) of the last paragraph
10 of subsection (a-3), then by June 15 of each year, each owners
11 licensee, other than an owners licensee that admitted 1,000,000
12 persons or fewer in calendar year 2004, must, in addition to
13 the payment of all amounts otherwise due under this Section,
14 pay to the Board a reconciliation payment in the amount, if
15 any, by which the licensed owner's base amount exceeds the
16 amount of net privilege tax paid by the licensed owner to the
17 Board in the then current State fiscal year. A licensed owner's
18 net privilege tax obligation due for the balance of the State
19 fiscal year shall be reduced up to the total of the amount paid
20 by the licensed owner in its June 15 reconciliation payment.
21 The obligation imposed by this subsection (a-15) is binding on
22 any person, firm, corporation, or other entity that acquires an
23 ownership interest in any such owners license. The obligation
24 imposed under this subsection (a-15) terminates on the earliest
25 of: (i) July 1, 2007, (ii) the first day after the effective
26 date of this amendatory Act of the 94th General Assembly that

1 riverboat gambling operations are conducted pursuant to a
2 dormant license, (iii) the first day that riverboat gambling
3 operations are conducted under the authority of an owners
4 license that is in addition to the 10 owners licenses initially
5 authorized under this Act, or (iv) the first day that a
6 licensee under the Illinois Horse Racing Act of 1975 conducts
7 gaming operations with slot machines or other electronic gaming
8 devices. The Board must reduce the obligation imposed under
9 this subsection (a-15) by an amount the Board deems reasonable
10 for any of the following reasons: (A) an act or acts of God,
11 (B) an act of bioterrorism or terrorism or a bioterrorism or
12 terrorism threat that was investigated by a law enforcement
13 agency, or (C) a condition beyond the control of the owners
14 licensee that does not result from any act or omission by the
15 owners licensee or any of its agents and that poses a hazardous
16 threat to the health and safety of patrons. If an owners
17 licensee pays an amount in excess of its liability under this
18 Section, the Board shall apply the overpayment to future
19 payments required under this Section.

20 For purposes of this subsection (a-15):

21 "Act of God" means an incident caused by the operation of
22 an extraordinary force that cannot be foreseen, that cannot be
23 avoided by the exercise of due care, and for which no person
24 can be held liable.

25 "Base amount" means the following:

26 For a riverboat in Alton, \$31,000,000.

- 1 For a riverboat in East Peoria, \$43,000,000.
2 For the Empress riverboat in Joliet, \$86,000,000.
3 For a riverboat in Metropolis, \$45,000,000.
4 For the Harrah's riverboat in Joliet, \$114,000,000.
5 For a riverboat in Aurora, \$86,000,000.
6 For a riverboat in East St. Louis, \$48,500,000.
7 For a riverboat in Elgin, \$198,000,000.

8 "Dormant license" has the meaning ascribed to it in
9 subsection (a-3).

10 "Net privilege tax" means all privilege taxes paid by a
11 licensed owner to the Board under this Section, less all
12 payments made from the State Gaming Fund pursuant to subsection
13 (b) of this Section.

14 The changes made to this subsection (a-15) by Public Act
15 94-839 are intended to restate and clarify the intent of Public
16 Act 94-673 with respect to the amount of the payments required
17 to be made under this subsection by an owners licensee to the
18 Board.

19 (b) ~~From~~ From ~~Until January 1, 1998, 25% of the tax revenue~~
20 ~~deposited in the State Gaming Fund under this Section shall be~~
21 ~~paid, subject to appropriation by the General Assembly, to the~~
22 ~~unit of local government which is designated as the home dock~~
23 ~~of the riverboat. Beginning January 1, 1998, from~~ the tax
24 revenue deposited in the State Gaming Fund under this Section,
25 an amount equal to 6% ~~5%~~ of adjusted gross receipts generated
26 by a riverboat shall be paid monthly, subject to appropriation

1 by the General Assembly, to the unit of local government that
2 is designated as the home dock of the riverboat. From the tax
3 revenue deposited in the State Gaming Fund pursuant to
4 riverboat gambling operations conducted by a licensed manager
5 on behalf of the State, an amount equal to 6% ~~5%~~ of adjusted
6 gross receipts generated pursuant to those riverboat gambling
7 operations shall be paid monthly, subject to appropriation by
8 the General Assembly, to the unit of local government that is
9 designated as the home dock of the riverboat upon which those
10 riverboat gambling operations are conducted.

11 (c) Appropriations, as approved by the General Assembly,
12 may be made from the State Gaming Fund to the Department of
13 Revenue and the Department of State Police for the
14 administration and enforcement of this Act, or to the
15 Department of Human Services for the administration of programs
16 to treat problem gambling.

17 (c-5) Before May 26, 2006 (the effective date of Public Act
18 94-804) and beginning 2 years after May 26, 2006 (the effective
19 date of Public Act 94-804), after the payments required under
20 subsections (b) and (c) have been made, an amount equal to 15%
21 of the adjusted gross receipts of (1) an owners licensee that
22 relocates pursuant to Section 11.2, (2) an owners licensee
23 conducting riverboat gambling operations pursuant to an owners
24 license that is initially issued after June 25, 1999, or (3)
25 the first riverboat gambling operations conducted by a licensed
26 manager on behalf of the State under Section 7.3, whichever

1 comes first, shall be paid from the State Gaming Fund into the
2 Horse Racing Equity Fund.

3 (c-10) Each year the General Assembly shall appropriate
4 from the General Revenue Fund to the Education Assistance Fund
5 an amount equal to the amount paid into the Horse Racing Equity
6 Fund pursuant to subsection (c-5) in the prior calendar year.

7 (c-15) After the payments required under subsections (b),
8 (c), and (c-5) have been made, an amount equal to 2% of the
9 adjusted gross receipts of (1) an owners licensee that
10 relocates pursuant to Section 11.2, (2) an owners licensee
11 conducting riverboat gambling operations pursuant to an owners
12 license that is initially issued after June 25, 1999, or (3)
13 the first riverboat gambling operations conducted by a licensed
14 manager on behalf of the State under Section 7.3, whichever
15 comes first, shall be paid, subject to appropriation from the
16 General Assembly, from the State Gaming Fund to each home rule
17 county with a population of over 3,000,000 inhabitants for the
18 purpose of enhancing the county's criminal justice system.

19 (c-20) Each year the General Assembly shall appropriate
20 from the General Revenue Fund to the Education Assistance Fund
21 an amount equal to the amount paid to each home rule county
22 with a population of over 3,000,000 inhabitants pursuant to
23 subsection (c-15) in the prior calendar year.

24 (c-25) After the payments required under subsections (b),
25 (c), (c-5) and (c-15) have been made, an amount equal to 2% of
26 the adjusted gross receipts of (1) an owners licensee that

1 relocates pursuant to Section 11.2, (2) an owners licensee
2 conducting riverboat gambling operations pursuant to an owners
3 license that is initially issued after June 25, 1999, or (3)
4 the first riverboat gambling operations conducted by a licensed
5 manager on behalf of the State under Section 7.3, whichever
6 comes first, shall be paid from the State Gaming Fund to
7 Chicago State University.

8 (d) From time to time, the Board shall transfer the
9 remainder of the funds generated by this Act into the Education
10 Assistance Fund, created by Public Act 86-0018, of the State of
11 Illinois.

12 (e) Nothing in this Act shall prohibit the unit of local
13 government designated as the home dock of the riverboat from
14 entering into agreements with other units of local government
15 in this State or in other states to share its portion of the
16 tax revenue.

17 (f) To the extent practicable, the Board shall administer
18 and collect the wagering taxes imposed by this Section in a
19 manner consistent with the provisions of Sections 4, 5, 5a, 5b,
20 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 8, 9, and 10 of the
21 Retailers' Occupation Tax Act and Section 3-7 of the Uniform
22 Penalty and Interest Act.

23 (Source: P.A. 94-673, eff. 8-23-05; 94-804, eff. 5-26-06;
24 94-839, eff. 6-6-06; 95-331, eff. 8-21-07.)

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.