



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0861

Introduced 2/10/2009, by Rep. William B. Black

SYNOPSIS AS INTRODUCED:

230 ILCS 10/7
230 ILCS 10/7.5

from Ch. 120, par. 2407

Amends the Riverboat Gambling Act. Provides that the Board may issue one additional owners license subject to a competitive bidding process pursuant to a minimum bid of \$60,000,000 that authorizes the conduct of gambling in a municipality with a population of less than 50,000; however, the licensee must not conduct gambling pursuant to this license within 50 miles from a licensed riverboat in operation on the effective date of the amendatory Act. Provides that, in granting the new owners license, the Illinois Gaming Board must give favorable consideration to economically depressed areas of the State, to applicants presenting plans that provide for significant economic development over a large geographic area, and to applicants who currently operate non-gambling riverboats in Illinois (for other licenses, the Board may give favorable consideration to these things). Effective immediately.

LRB096 08770 AMC 18902 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. From the effective date of this amendatory
16 Act of the 95th General Assembly until (i) 3 years after the
17 effective date of this amendatory Act of the 95th General
18 Assembly, (ii) the date any organization licensee begins to
19 operate a slot machine or video game of chance under the
20 Illinois Horse Racing Act of 1975 or this Act, (iii) the date
21 that payments begin under subsection (c-5) of Section 13 of the
22 Act, or (iv) the wagering tax imposed under Section 13 of this
23 Act is increased by law to reflect a tax rate that is at least

1 as stringent or more stringent than the tax rate contained in
2 subsection (a-3) of Section 13, whichever occurs first, as a
3 condition of licensure and as an alternative source of payment
4 for those funds payable under subsection (c-5) of Section 13 of
5 the Riverboat Gambling Act, any owners licensee that holds or
6 receives its owners license on or after the effective date of
7 this amendatory Act of the 94th General Assembly, other than an
8 owners licensee operating a riverboat with adjusted gross
9 receipts in calendar year 2004 of less than \$200,000,000, must
10 pay into the Horse Racing Equity Trust Fund, in addition to any
11 other payments required under this Act, an amount equal to 3%
12 of the adjusted gross receipts received by the owners licensee.
13 The payments required under this Section shall be made by the
14 owners licensee to the State Treasurer no later than 3:00
15 o'clock p.m. of the day after the day when the adjusted gross
16 receipts were received by the owners licensee. A person, firm
17 or corporation is ineligible to receive an owners license if:

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

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

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

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

26 (5) a person defined in (1), (2), (3) or (4) is an

1 officer, director or managerial employee of the firm or
2 corporation;

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

7 (7) (blank); or

8 (8) a license of the person, firm or corporation issued
9 under this Act, or a license to own or operate gambling
10 facilities in any other jurisdiction, has been revoked.

11 The Board is expressly prohibited from making changes to
12 the requirement that licensees make payment into the Horse
13 Racing Equity Trust Fund without the express authority of the
14 Illinois General Assembly and making any other rule to
15 implement or interpret this amendatory Act of the 95th General
16 Assembly. For the purposes of this paragraph, "rules" is given
17 the meaning given to that term in Section 1-70 of the Illinois
18 Administrative Procedure Act.

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

21 (1) the character, reputation, experience and
22 financial integrity of the applicants and of any other or
23 separate person that either:

24 (A) controls, directly or indirectly, such
25 applicant, or

26 (B) is controlled, directly or indirectly, by such

1 applicant or by a person which controls, directly or
2 indirectly, such applicant;

3 (2) the facilities or proposed facilities for the
4 conduct of riverboat gambling;

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

7 (4) the extent to which the ownership of the applicant
8 reflects the diversity of the State by including minority
9 persons and females and the good faith affirmative action
10 plan of each applicant to recruit, train and upgrade
11 minority persons and females in all employment
12 classifications;

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

15 (6) whether the applicant has adequate capitalization
16 to provide and maintain, for the duration of a license, a
17 riverboat;

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

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

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

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

26 (e) The Board may issue up to 10 licenses authorizing the

1 holders of such licenses to own riverboats. In the application
2 for an owners license, the applicant shall state the dock at
3 which the riverboat is based and the water on which the
4 riverboat will be located. The Board shall issue 5 licenses to
5 become effective not earlier than January 1, 1991. Three of
6 such licenses shall authorize riverboat gambling on the
7 Mississippi River, or, with approval by the municipality in
8 which the riverboat was docked on August 7, 2003 and with Board
9 approval, be authorized to relocate to a new location, in a
10 municipality that (1) borders on the Mississippi River or is
11 within 5 miles of the city limits of a municipality that
12 borders on the Mississippi River and (2), on August 7, 2003,
13 had a riverboat conducting riverboat gambling operations
14 pursuant to a license issued under this Act; one of which shall
15 authorize riverboat gambling from a home dock in the city of
16 East St. Louis. One other license shall authorize riverboat
17 gambling on the Illinois River south of Marshall County. The
18 Board shall issue one additional license to become effective
19 not earlier than March 1, 1992, which shall authorize riverboat
20 gambling on the Des Plaines River in Will County. The Board may
21 issue 4 additional licenses to become effective not earlier
22 than March 1, 1992. After the effective date of this amendatory
23 Act of the 96th General Assembly, the Board may issue one
24 additional license subject to the competitive bidding process
25 described in Section 7.5 pursuant to a minimum bid of
26 \$60,000,000 that authorizes the conduct of gambling in a

1 municipality with a population of less than 50,000; however,
2 the licensee must not conduct gambling pursuant to this license
3 within 50 miles from a licensed riverboat in operation on the
4 effective date of this amendatory Act of the 96th General
5 Assembly. In determining the water upon which riverboats will
6 operate, the Board shall consider the economic benefit which
7 riverboat gambling confers on the State, and shall seek to
8 assure that all regions of the State share in the economic
9 benefits of riverboat gambling.

10 In granting all licenses, the Board may give favorable
11 consideration to economically depressed areas of the State, to
12 applicants presenting plans which provide for significant
13 economic development over a large geographic area, and to
14 applicants who currently operate non-gambling riverboats in
15 Illinois; however, the Board must give favorable consideration
16 to these factors in granting the owners license located in a
17 municipality of less than 50,000 population. The Board shall
18 review all applications for owners licenses, and shall inform
19 each applicant of the Board's decision. The Board may grant an
20 owners license to an applicant that has not submitted the
21 highest license bid, but if it does not select the highest
22 bidder, the Board shall issue a written decision explaining why
23 another applicant was selected and identifying the factors set
24 forth in this Section that favored the winning bidder.

25 In addition to any other revocation powers granted to the
26 Board under this Act, the Board may revoke the owners license

1 of a licensee which fails to begin conducting gambling within
2 15 months of receipt of the Board's approval of the application
3 if the Board determines that license revocation is in the best
4 interests of the State.

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

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

19 (h) An owners license shall entitle the licensee to own up
20 to 2 riverboats. A licensee shall limit the number of gambling
21 participants to 1,200 for any such owners license. A licensee
22 may operate both of its riverboats concurrently, provided that
23 the total number of gambling participants on both riverboats
24 does not exceed 1,200. Riverboats licensed to operate on the
25 Mississippi River and the Illinois River south of Marshall
26 County shall have an authorized capacity of at least 500

1 persons. Any other riverboat licensed under this Act shall have
2 an authorized capacity of at least 400 persons.

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

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

24 (Source: P.A. 94-667, eff. 8-23-05; 94-804, eff. 5-26-06;
25 95-1008, eff. 12-15-08.)

1 (230 ILCS 10/7.5)

2 Sec. 7.5. Competitive Bidding. When the Board determines
3 that it will issue an owners license pursuant to an open and
4 competitive bidding process, as set forth in Section 7, that it
5 will re-issue an owners license pursuant to an open and
6 competitive bidding process, as set forth in Section 7.1, or
7 that it will issue a managers license pursuant to an open and
8 competitive bidding process, as set forth in Section 7.4, the
9 open and competitive bidding process shall adhere to the
10 following procedures:

11 (1) The Board shall make applications for owners and
12 managers licenses available to the public and allow a
13 reasonable time for applicants to submit applications to the
14 Board.

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

19 (3) After receiving all of the bid proposals, the Board
20 shall open all of the proposals in a public forum and disclose
21 the prospective owners or managers names, venture partners, if
22 any, and, in the case of applicants for owners licenses, the
23 locations of the proposed development sites.

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

26 (5) The Board shall evaluate the proposals within a

1 reasonable time and select no more than 3 final applicants to
2 make presentations of their proposals to the Board.

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

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

14 (8) Upon selection of a winning bid, the Board shall
15 evaluate the winning bid within a reasonable period of time for
16 licensee suitability in accordance with all applicable
17 statutory and regulatory criteria.

18 (9) If the winning bidder is unable or otherwise fails to
19 consummate the transaction, (including if the Board determines
20 that the winning bidder does not satisfy the suitability
21 requirements), the Board may, on the same criteria, select from
22 the remaining bidders or make the determination allowed under
23 Section 7.3(a).

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

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