



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB3497

Introduced 2/8/2012, by Sen. Jeffrey M. Schoenberg

SYNOPSIS AS INTRODUCED:

30 ILCS 105/5.811 new
20 ILCS 1605/2 from Ch. 120, par. 1152
20 ILCS 1605/7.12
20 ILCS 1605/7.18 new

Amends the Illinois Lottery Law and the State Finance Act. Allows the Illinois Lottery to offer Powerball games (in addition to Lotto and Mega Millions) through the Internet pilot program. Provides for the net revenue from the sale of Powerball tickets on the Internet to be deposited into the State Financial Recovery Fund, a special fund created in the State treasury, by the Department and for the moneys in the Fund to be used by the Comptroller for the sole purpose of payment of proper bills or invoices from a vendor for goods or services furnished to the State that are subject to an interest penalty under Section 3-2 of the State Prompt Payment Act.

LRB097 19803 AMC 65073 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning the lottery.

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

4 Section 5. The State Finance Act is amended by adding
5 Section 5.811 as follows:

6 (30 ILCS 105/5.811 new)

7 Sec. 5.811. The State Financial Recovery Fund.

8 Section 10. The Illinois Lottery Law is amended by changing
9 Sections 2 and 7.12 and by adding Section 7.18 as follows:

10 (20 ILCS 1605/2) (from Ch. 120, par. 1152)

11 Sec. 2. This Act is enacted to implement and establish
12 within the State a lottery to be conducted by the State through
13 the Department. The entire net proceeds of the Lottery are to
14 be used for the support of the State's Common School Fund,
15 except as provided in subsection (o) of Section 9.1 and
16 Sections 7.18, 21.2, 21.5, 21.6, 21.7, and 21.8. The General
17 Assembly finds that it is in the public interest for the
18 Department to conduct the functions of the Lottery with the
19 assistance of a private manager under a management agreement
20 overseen by the Department. The Department shall be accountable
21 to the General Assembly and the people of the State through a

1 comprehensive system of regulation, audits, reports, and
2 enduring operational oversight. The Department's ongoing
3 conduct of the Lottery through a management agreement with a
4 private manager shall act to promote and ensure the integrity,
5 security, honesty, and fairness of the Lottery's operation and
6 administration. It is the intent of the General Assembly that
7 the Department shall conduct the Lottery with the assistance of
8 a private manager under a management agreement at all times in
9 a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1),
10 1953(b)(4).

11 (Source: P.A. 95-331, eff. 8-21-07; 95-673, eff. 10-11-07;
12 95-674, eff. 10-11-07; 95-876, eff. 8-21-08; 96-34, eff.
13 7-13-09.)

14 (20 ILCS 1605/7.12)

15 Sec. 7.12. Internet pilot program. The General Assembly
16 finds that:

17 (1) the consumer market in Illinois has changed since
18 the creation of the Illinois State Lottery in 1974;

19 (2) the Internet has become an integral part of
20 everyday life for a significant number of Illinois
21 residents not only in regards to their professional life,
22 but also in regards to personal business and communication;
23 and

24 (3) the current practices of selling lottery tickets
25 does not appeal to the new form of market participants who

1 prefer to make purchases on the internet at their own
2 convenience.

3 It is the intent of the General Assembly to create an
4 Internet pilot program for the sale of lottery tickets to
5 capture this new form of market participant.

6 The Department shall create a pilot program that allows an
7 individual 18 years of age or older to purchase lottery tickets
8 or shares on the Internet without using a Lottery retailer with
9 on-line status, as those terms are defined by rule. The
10 Department shall restrict the sale of lottery tickets on the
11 Internet to transactions initiated and received or otherwise
12 made exclusively within the State of Illinois. The Department
13 shall adopt rules necessary for the administration of this
14 program. These rules shall include requirements for marketing
15 of the Lottery to infrequent players. The provisions of this
16 Act and the rules adopted under this Act shall apply to the
17 sale of lottery tickets or shares under this program.

18 Before beginning the pilot program, the Department of the
19 Lottery must submit a request to the United States Department
20 of Justice for review of the State's plan to implement a pilot
21 program for the sale of lottery tickets on the Internet and its
22 propriety under federal law. The Department shall implement the
23 Internet pilot program only if the Department of Justice does
24 not object to the implementation of the program within a
25 reasonable period of time after its review.

26 The Department is obligated to implement the pilot program

1 set forth in this Section and Sections 7.15 and 7.16 only at
2 such time, and to such extent, that the Department of Justice
3 does not object to the implementation of the program within a
4 reasonable period of time after its review. While the Illinois
5 Lottery may only offer Lotto, ~~and~~ Mega Millions, and Powerball
6 games through the pilot program, the Department shall request
7 review from the federal Department of Justice for the Illinois
8 Lottery to sell lottery tickets on the Internet on behalf of
9 the State of Illinois that are not limited to just these games.

10 The Department shall authorize the private manager to
11 implement and administer the program pursuant to the management
12 agreement entered into under Section 9.1 and in a manner
13 consistent with the provisions of this Section. If a private
14 manager has not been selected pursuant to Section 9.1 at the
15 time the Department is obligated to implement the pilot
16 program, then the Department shall not proceed with the pilot
17 program until after the selection of the private manager, at
18 which time the Department shall authorize the private manager
19 to implement and administer the program pursuant to the
20 management agreement entered into under Section 9.1 and in a
21 manner consistent with the provisions of this Section.

22 The pilot program shall last for not less than 36 months,
23 but not more than 48 months from the date of its initial
24 operation.

25 Nothing in this Section shall be construed as prohibiting
26 the Department from implementing and operating a website portal

1 whereby individuals who are 18 years of age or older with an
2 Illinois mailing address may apply to purchase lottery tickets
3 via subscription.

4 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
5 eff. 12-23-09; 97-464, eff. 10-15-11.)

6 (20 ILCS 1605/7.18 new)

7 Sec. 7.18. Proceeds from Internet sales; State Financial
8 Recovery Fund.

9 (a) The State Financial Recovery Fund is created as a
10 special fund in the State treasury. The net revenue from the
11 sale of Powerball tickets on the Internet shall be deposited
12 into the Fund by the Department and shall be used by the
13 Comptroller for the sole purpose of payment of proper bills or
14 invoices from a vendor for goods or services furnished to the
15 State that are subject to an interest penalty under paragraph
16 (1) or (1.05) of Section 3-2 of the State Prompt Payment Act.
17 Any interest earned on moneys in the Fund must be deposited
18 into the Fund.

19 (b) For purposes of this Section:

20 "A proper bill or invoice" has the meaning given to that
21 term under the State Prompt Payment Act.

22 "Goods or services furnished to the State" has the meaning
23 given to that term under the State Prompt Payment Act

24 "Net revenue" means the total amount for which tickets have
25 been sold less the sum of the amount paid out in prizes and the

1 actual administrative expenses of the Department solely
2 related to the sale of Powerball tickets on the Internet.

3 (c) The Department may adopt any rules necessary to
4 implement and administer the provisions of this Section.