



Sen. Jeffrey M. Schoenberg

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1 AMENDMENT TO SENATE BILL 3497

2 AMENDMENT NO. _____. Amend Senate Bill 3497, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 10. The Illinois Lottery Law is amended by
6 changing Sections 7.12 and 7.15 and adding Section 14.4 as
7 follows:

8 (20 ILCS 1605/7.12)

9 Sec. 7.12. Internet pilot program.

10 (a) The General Assembly finds that:

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

13 (2) the Internet has become an integral part of
14 everyday life for a significant number of Illinois
15 residents not only in regards to their professional life,
16 but also in regards to personal business and communication;

1 and

2 (3) the current practices of selling lottery tickets
3 does not appeal to the new form of market participants who
4 prefer to make purchases on the internet at their own
5 convenience.

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

9 (b) The Department shall create a pilot program that allows
10 an individual 18 years of age or older to purchase lottery
11 tickets or shares on the Internet without using a Lottery
12 retailer with on-line status, as those terms are defined by
13 rule. The Department shall restrict the sale of lottery tickets
14 on the Internet to transactions initiated and received or
15 otherwise made exclusively within the State of Illinois. The
16 Department shall adopt rules, including emergency rules,
17 necessary for the administration of this program. These rules
18 shall include, among other things, requirements for marketing
19 of the Lottery to infrequent players, as well as limitations on
20 the purchases that may be made through any one individual's
21 lottery account. The provisions of this Act and the rules
22 adopted under this Act shall apply to the sale of lottery
23 tickets or shares under this program.

24 Before beginning the pilot program, the Department of the
25 Lottery must submit a request to the United States Department
26 of Justice for review of the State's plan to implement a pilot

1 program for the sale of lottery tickets on the Internet and its
2 propriety under federal law. The Department shall implement the
3 Internet pilot program only if the Department of Justice does
4 not object to the implementation of the program within a
5 reasonable period of time after its review.

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

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

1 manner consistent with the provisions of this Section.

2 The pilot program shall last for not less than 36 months,
3 but not more than 48 months from the date of its initial
4 operation.

5 Nothing in this Section shall be construed as prohibiting
6 the Department from implementing and operating a website portal
7 whereby individuals who are 18 years of age or older with an
8 Illinois mailing address may apply to purchase lottery tickets
9 via subscription. Nothing in this Section shall also be
10 construed as prohibiting the sale of Lotto, Mega Millions, and
11 Powerball games by a lottery licensee pursuant to the
12 Department's rules.

13 (c) There is created the Internet Lottery Study Committee
14 as an advisory body within the Department. The Department shall
15 conduct a study to determine the impact of the Internet pilot
16 program on lottery licensees. The Department shall also
17 determine the feasibility of the sale of stored value cards by
18 lottery licensees as a non-exclusive option for use by
19 individuals 18 years of age or older who purchase tickets for
20 authorized lottery games in the Internet pilot program. For the
21 purposes of this study, it is anticipated that the stored value
22 cards will have, but need not be limited to, the following
23 characteristics: (1) the cards will be available only to
24 individuals 18 years of age and older; (2) the cards will be
25 rechargeable, closed-loop cards that can only be loaded with
26 cash; (3) the cards will have unique identifying numbers to be

1 used for on-line play; (4) the cards will have on-line play
2 subtracted from the card's value; (5) the cards may have
3 on-line winnings added to them; (6) the cards will be used at
4 Lottery retailers to cash out winnings of up to \$600; and (7)
5 the cards will meet all technological, programming, and
6 security requirements mandated by the Department and the
7 governing bodies of both Mega Millions and Powerball.

8 To the fullest extent possible, but subject to available
9 resources, the Department shall ensure that the study evaluates
10 and analyzes at least the following issues:

11 (1) economic benefits to the State from Internet
12 Lottery sales from stored value cards and from resulting
13 sales taxes;

14 (2) economic benefits to local governments from sales
15 taxes generated from Internet Lottery sales through stored
16 value cards;

17 (3) economic benefits to Lottery retailers from
18 Internet Lottery sales and from ancillary retail product
19 sales in connection with the same;

20 (4) enhanced player age verification from face-to-face
21 interaction;

22 (5) enhanced control of gambling addiction from
23 face-to-face interaction;

24 (6) elimination of credit card overspending through
25 the use of stored value cards and resulting reduced debt
26 issues;

1 (7) the feasibility of the utilization of existing
2 Lottery machines to dispense stored value cards;

3 (8) the technological, programming, and security
4 requirements to make stored value cards an appropriate
5 sales alternative; and

6 (9) the cost and project time estimates for
7 implementation, including adaptation of existing Lottery
8 machines, programming, and technology enhancements and
9 impact to operations.

10 The Study Committee shall consist of the Superintendent or
11 his or her designee; the chief executive officer of the
12 Lottery's private manager or his or her designee; a
13 representative appointed by the Governor's Office; 2
14 representatives of the lottery licensee community appointed by
15 the Superintendent; one representative of a statewide
16 association representing food retailers appointed by the
17 Superintendent; and one representative of a statewide
18 association representing retail merchants appointed by the
19 Superintendent.

20 Members of the Study Committee shall be appointed within 30
21 days after the effective date of this amendatory Act of the
22 97th General Assembly. No later than 6 months after the
23 effective date of this amendatory Act of the 97th General
24 Assembly, the Department shall provide to the members of the
25 Study Committee the proposed findings and recommendations of
26 the study in order to solicit input from the Study Committee.

1 Within 30 calendar days thereafter, the Study Committee shall
2 convene a meeting of the members to discuss the proposed
3 findings and recommendations of the study. No later than 15
4 calendar days after meeting, the Study Committee shall submit
5 to the Department any written changes, additions, or
6 corrections the Study Committee wishes the Department to make
7 to the study. The Department shall consider the propriety of
8 and respond to each change, addition, or correction offered by
9 the Study Committee in the study. The Department shall also set
10 forth any such change, addition, or correction offered by
11 members of the Study Committee and the Department's responses
12 thereto in the appendix to the study. No later than 15 calendar
13 days after receiving the changes, additions, or corrections
14 offered by the Study Committee, the Department shall deliver
15 copies of the final study and appendices, if any, to the
16 Governor, President of the Senate, Minority Leader of the
17 Senate, Speaker of the House of Representatives, Minority
18 Leader of the House of Representatives, and each of the members
19 of the Study Committee.

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

22 (20 ILCS 1605/7.15)

23 Sec. 7.15. Verification for Internet program; security for
24 Internet lottery accounts. The Department must establish a
25 procedure to verify that an individual is 18 years of age or

1 older and that the sale of lottery tickets on the Internet is
2 limited to transactions that are initiated and received or
3 otherwise made exclusively within the State of Illinois, unless
4 the federal Department of Justice indicates that it is legal
5 for the transactions to originate in states other than
6 Illinois. An individual must satisfy the verification
7 procedure before he or she may establish one Internet lottery
8 account and purchase lottery tickets or shares through the
9 Internet pilot program. By rule, including by emergency rule,
10 the Department shall establish funding procedures for Internet
11 lottery accounts and shall provide a mechanism to prevent the
12 unauthorized use of Internet lottery accounts. If any
13 participant in the pilot program violates any provisions of
14 this amendatory Act of the 96th General Assembly or rule
15 established by the Department, the participant's winnings
16 shall be forfeited. Such forfeited winnings shall be deposited
17 in the Common School Fund.

18 (Source: P.A. 96-34, eff. 7-13-09; 96-840, eff. 12-23-09.)

19 (20 ILCS 1605/14.4 new)

20 Sec. 14.4. Investigators.

21 (a) The Department has the power to appoint investigators
22 to conduct investigations, searches, seizures, arrests, and
23 other duties required to enforce the provisions of this Act and
24 prevent the perpetration of fraud upon the Department or the
25 public. These investigators have and may exercise all the

1 powers of peace officers solely for the purpose of ensuring the
2 integrity of the lottery games operated by the Department.

3 (b) The Superintendent must authorize to each investigator
4 employed under this Section and to any other employee of the
5 Department exercising the powers of a peace officer a distinct
6 badge that, on its face, (i) clearly states that the badge is
7 authorized by the Department and (ii) contains a unique
8 identifying number. No other badge shall be authorized by the
9 Department.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.".