



Sen. Terry Link

Filed: 4/8/2013

09800SB1955sam002

LRB098 05666 AMC 43184 a

1 AMENDMENT TO SENATE BILL 1955

2 AMENDMENT NO. _____. Amend Senate Bill 1955 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Lottery Law is amended by changing
5 Sections 3 and 7.12 as follows:

6 (20 ILCS 1605/3) (from Ch. 120, par. 1153)

7 Sec. 3. For the purposes of this Act:

8 a. "Lottery" or "State Lottery" means the lottery or
9 lotteries established and operated pursuant to this Act.

10 b. "Board" means the Lottery Control Board created by this
11 Act.

12 c. "Department" means the Department of the Lottery.

13 d. (Blank).

14 e. "Chairman" means the Chairman of the Lottery Control
15 Board.

16 f. "Multi-state game directors" means such persons,

1 including the Superintendent, as may be designated by an
2 agreement between the Department and one or more additional
3 lotteries operated under the laws of another state or states.

4 g. (Blank).

5 h. "Superintendent" means the Superintendent of the
6 Department of the Lottery.

7 i. "Management agreement" means an agreement or contract
8 between the Department on behalf of the State with a private
9 manager, as an independent contractor, whereby the private
10 manager provides management services to the Lottery in exchange
11 for compensation that may consist of, among other things, a fee
12 for services and a performance-based bonus of no more than 5%
13 of Lottery profits so long as the Department continues to
14 exercise actual control over all significant business
15 decisions made by the private manager as set forth in Section
16 9.1.

17 j. "Person" means any individual, firm, association, joint
18 venture, partnership, estate, trust, syndicate, fiduciary,
19 corporation, or other legal entity, group, or combination.

20 k. "Private manager" means a person that provides
21 management services to the Lottery on behalf of the Department
22 under a management agreement.

23 l. "Profits" means total revenues accruing from the sale of
24 lottery tickets or shares and related proceeds minus (1) the
25 payment of prizes and retailer bonuses and (2) the payment of
26 costs incurred in the operation and administration of the

1 lottery, excluding costs of services directly rendered by a
2 private manager.

3 m. "Chief Procurement Officer" means the Chief Procurement
4 Officer provided for under paragraph (4) of subsection (a) of
5 Section 10-20 of the Illinois Procurement Code.

6 n. "Draw-based games" means games where a series of numbers
7 or characters are determined to be the winning numbers or
8 characters by a mechanical or computerized random number
9 generator at a drawing time specified by the Department.

10 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
11 eff. 12-23-09; 97-464, eff. 8-19-11.)

12 (20 ILCS 1605/7.12)

13 Sec. 7.12. Internet pilot program.

14 (a) The General Assembly finds that:

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

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

22 (3) the current practices of selling lottery tickets
23 does not appeal to the new form of market participants who
24 prefer to make purchases on the Internet at their own
25 convenience.

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

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

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

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

11 After the study of the Internet Lottery Study Committee is
12 delivered to the Governor, President of the Senate, Minority
13 Leader of the Senate, Speaker of the House of Representatives,
14 Minority Leader of the House of Representatives, and each of
15 the members of the Study Committee in accordance with
16 subsection (c) of this Section, the Illinois Lottery may offer
17 additional draw-based games through the pilot program.

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

1 to implement and administer the program pursuant to the
2 management agreement entered into under Section 9.1 and in a
3 manner consistent with the provisions of this Section.

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

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

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

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

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

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

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

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

22 (4) enhanced player age verification from face-to-face
23 interaction;

24 (5) enhanced control of gambling addiction from
25 face-to-face interaction;

26 (6) elimination of credit card overspending through

1 the use of stored value cards and resulting reduced debt
2 issues;

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

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

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

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

22 Members of the Study Committee shall be appointed within 30
23 days after the effective date of this amendatory Act of the
24 97th General Assembly. No later than 6 months after the
25 effective date of this amendatory Act of the 97th General
26 Assembly, the Department shall provide to the members of the

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

22 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840,
23 eff. 12-23-09; 97-464, eff. 10-15-11; 97-1121, eff.
24 8-27-12.)".