

# SB2371



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB2371

Introduced 2/15/2013, by Sen. Michael W. Frerichs

#### SYNOPSIS AS INTRODUCED:

230 ILCS 40/5  
230 ILCS 40/45

Amends the Video Gaming Act. Provides that "licensed establishment" means any licensed retail establishment where alcoholic liquor is drawn, poured, mixed, or otherwise served for consumption on the premises, whether the establishment operates on a nonprofit or for-profit basis. Provides that the changes are declarative of existing law and shall not be construed as a new enactment. Makes changes concerning background investigations of applicants for licensure. Effective immediately.

LRB098 10401 AMC 41033 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 Video Gaming Act is amended by changing  
5 Sections 5 and 45 as follows:

6 (230 ILCS 40/5)

7 Sec. 5. Definitions. As used in this Act:

8 "Board" means the Illinois Gaming Board.

9 "Credit" means one, 5, 10, or 25 cents either won or  
10 purchased by a player.

11 "Distributor" means an individual, partnership,  
12 corporation, or limited liability company licensed under this  
13 Act to buy, sell, lease, or distribute video gaming terminals  
14 or major components or parts of video gaming terminals to or  
15 from terminal operators.

16 "Terminal operator" means an individual, partnership,  
17 corporation, or limited liability company that is licensed  
18 under this Act and that owns, services, and maintains video  
19 gaming terminals for placement in licensed establishments,  
20 licensed truck stop establishments, licensed fraternal  
21 establishments, or licensed veterans establishments.

22 "Licensed technician" means an individual who is licensed  
23 under this Act to repair, service, and maintain video gaming

1 terminals.

2 "Licensed terminal handler" means a person, including but  
3 not limited to an employee or independent contractor working  
4 for a manufacturer, distributor, supplier, technician, or  
5 terminal operator, who is licensed under this Act to possess or  
6 control a video gaming terminal or to have access to the inner  
7 workings of a video gaming terminal. A licensed terminal  
8 handler does not include an individual, partnership,  
9 corporation, or limited liability company defined as a  
10 manufacturer, distributor, supplier, technician, or terminal  
11 operator under this Act.

12 "Manufacturer" means an individual, partnership,  
13 corporation, or limited liability company that is licensed  
14 under this Act and that manufactures or assembles video gaming  
15 terminals.

16 "Supplier" means an individual, partnership, corporation,  
17 or limited liability company that is licensed under this Act to  
18 supply major components or parts to video gaming terminals to  
19 licensed terminal operators.

20 "Net terminal income" means money put into a video gaming  
21 terminal minus credits paid out to players.

22 "Video gaming terminal" means any electronic video game  
23 machine that, upon insertion of cash, is available to play or  
24 simulate the play of a video game, including but not limited to  
25 video poker, line up, and blackjack, as authorized by the Board  
26 utilizing a video display and microprocessors in which the

1 player may receive free games or credits that can be redeemed  
2 for cash. The term does not include a machine that directly  
3 dispenses coins, cash, or tokens or is for amusement purposes  
4 only.

5 "Licensed establishment" means any licensed retail  
6 establishment where alcoholic liquor is drawn, poured, mixed,  
7 or otherwise served for consumption on the premises, whether  
8 the establishment operates on a nonprofit or for-profit basis.

9 "Licensed establishment" ~~and~~ includes any such establishment  
10 that has a contractual relationship with an inter-track  
11 wagering location licensee licensed under the Illinois Horse  
12 Racing Act of 1975, provided any contractual relationship shall  
13 not include any transfer or offer of revenue from the operation  
14 of video gaming under this Act to any licensee licensed under  
15 the Illinois Horse Racing Act of 1975. Provided, however, that  
16 the licensed establishment that has such a contractual  
17 relationship with an inter-track wagering location licensee  
18 may not, itself, be (i) an inter-track wagering location  
19 licensee, (ii) the corporate parent or subsidiary of any  
20 licensee licensed under the Illinois Horse Racing Act of 1975,  
21 or (iii) the corporate subsidiary of a corporation that is also  
22 the corporate parent or subsidiary of any licensee licensed  
23 under the Illinois Horse Racing Act of 1975. "Licensed  
24 establishment" does not include a facility operated by an  
25 organization licensee, an inter-track wagering licensee, or an  
26 inter-track wagering location licensee licensed under the

1 Illinois Horse Racing Act of 1975 or a riverboat licensed under  
2 the Riverboat Gambling Act, except as provided in this  
3 paragraph. The changes made to this definition by this  
4 amendatory Act of the 98th General Assembly are declarative of  
5 existing law and shall not be construed as a new enactment.

6 "Licensed fraternal establishment" means the location  
7 where a qualified fraternal organization that derives its  
8 charter from a national fraternal organization regularly  
9 meets.

10 "Licensed veterans establishment" means the location where  
11 a qualified veterans organization that derives its charter from  
12 a national veterans organization regularly meets.

13 "Licensed truck stop establishment" means a facility (i)  
14 that is at least a 3-acre facility with a convenience store,  
15 (ii) with separate diesel islands for fueling commercial motor  
16 vehicles, (iii) that sells at retail more than 10,000 gallons  
17 of diesel or biodiesel fuel per month, and (iv) with parking  
18 spaces for commercial motor vehicles. "Commercial motor  
19 vehicles" has the same meaning as defined in Section 18b-101 of  
20 the Illinois Vehicle Code. The requirement of item (iii) of  
21 this paragraph may be met by showing that estimated future  
22 sales or past sales average at least 10,000 gallons per month.

23 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09;  
24 96-1410, eff. 7-30-10; 96-1479, eff. 8-23-10; 97-333, eff.  
25 8-12-11.)

1 (230 ILCS 40/45)

2 Sec. 45. Issuance of license.

3 (a) The burden is upon each applicant to demonstrate his  
4 suitability for licensure. Each video gaming terminal  
5 manufacturer, distributor, supplier, operator, handler,  
6 licensed establishment, licensed truck stop establishment,  
7 licensed fraternal establishment, and licensed veterans  
8 establishment shall be licensed by the Board. The Board may  
9 issue or deny a license under this Act to any person pursuant  
10 to the same criteria set forth in Section 9 of the Riverboat  
11 Gambling Act.

12 (a-5) The Board shall not grant a license to a person who  
13 has facilitated, enabled, or participated in the use of  
14 coin-operated devices for gambling purposes or who is under the  
15 significant influence or control of such a person. For the  
16 purposes of this Act, "facilitated, enabled, or participated in  
17 the use of coin-operated amusement devices for gambling  
18 purposes" means that the person has been convicted of any  
19 violation of Article 28 of the Criminal Code of 1961 or the  
20 Criminal Code of 2012. If there is pending legal action against  
21 a person for any such violation, then the Board shall delay the  
22 licensure of that person until the legal action is resolved.

23 (b) Each person seeking and possessing a license as a video  
24 gaming terminal manufacturer, distributor, supplier, operator,  
25 handler, licensed establishment, licensed truck stop  
26 establishment, licensed fraternal establishment, or licensed

1 veterans establishment shall submit to a background  
2 investigation conducted by the Board with the assistance of the  
3 State Police or other law enforcement. To the extent that the  
4 corporate structure of the applicant allows, the ~~The~~ background  
5 investigation shall include any or all of the following as the  
6 Board deems appropriate or as provided by rule for each  
7 category of licensure: (i) each beneficiary of a trust, (ii)  
8 each partner of a partnership, (iii) each member of a limited  
9 liability company, (iv) and each director and officer of a  
10 publicly or non-publicly held corporation, (v) each  
11 stockholder of a non-publicly held corporation, (vi) each  
12 stockholder of 5% or more of a publicly held corporation, or  
13 (vii) each stockholder ~~and all stockholders~~ of 5% or more in a  
14 parent or subsidiary corporation ~~of a video gaming terminal~~  
15 ~~manufacturer, distributor, supplier, operator, or licensed~~  
16 ~~establishment, licensed truck stop establishment, licensed~~  
17 ~~fraternal establishment, or licensed veterans establishment.~~

18 (c) Each person seeking and possessing a license as a video  
19 gaming terminal manufacturer, distributor, supplier, operator,  
20 handler, licensed establishment, licensed truck stop  
21 establishment, licensed fraternal establishment, or licensed  
22 veterans establishment shall disclose the identity of every  
23 person, association, trust, corporation, or limited liability  
24 company having a greater than 1% direct or indirect pecuniary  
25 interest in the video gaming terminal operation for which the  
26 license is sought. If the disclosed entity is a trust, the

1 application shall disclose the names and addresses of the  
2 beneficiaries; if a corporation, the names and addresses of all  
3 stockholders and directors; if a limited liability company, the  
4 names and addresses of all members; or if a partnership, the  
5 names and addresses of all partners, both general and limited.

6 (d) No person may be licensed as a video gaming terminal  
7 manufacturer, distributor, supplier, operator, handler,  
8 licensed establishment, licensed truck stop establishment,  
9 licensed fraternal establishment, or licensed veterans  
10 establishment if that person has been found by the Board to:

11 (1) have a background, including a criminal record,  
12 reputation, habits, social or business associations, or  
13 prior activities that pose a threat to the public interests  
14 of the State or to the security and integrity of video  
15 gaming;

16 (2) create or enhance the dangers of unsuitable,  
17 unfair, or illegal practices, methods, and activities in  
18 the conduct of video gaming; or

19 (3) present questionable business practices and  
20 financial arrangements incidental to the conduct of video  
21 gaming activities.

22 (e) Any applicant for any license under this Act has the  
23 burden of proving his or her qualifications to the satisfaction  
24 of the Board. The Board may adopt rules to establish additional  
25 qualifications and requirements to preserve the integrity and  
26 security of video gaming in this State.



1 (f) A non-refundable application fee shall be paid at the  
2 time an application for a license is filed with the Board in  
3 the following amounts:

- 4 (1) Manufacturer ..... \$5,000
- 5 (2) Distributor..... \$5,000
- 6 (3) Terminal operator..... \$5,000
- 7 (4) Supplier ..... \$2,500
- 8 (5) Technician ..... \$100
- 9 (6) Terminal Handler ..... \$50

10 (g) The Board shall establish an annual fee for each  
11 license not to exceed the following:

- 12 (1) Manufacturer ..... \$10,000
- 13 (2) Distributor..... \$10,000
- 14 (3) Terminal operator..... \$5,000
- 15 (4) Supplier ..... \$2,000
- 16 (5) Technician ..... \$100
- 17 (6) Licensed establishment, licensed truck stop  
18 establishment, licensed fraternal establishment,  
19 or licensed veterans establishment ..... \$100
- 20 (7) Video gaming terminal..... \$100
- 21 (8) Terminal Handler ..... \$50

22 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38,  
23 eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1410, eff. 7-30-10;  
24 97-1150, eff. 1-25-13.)

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