



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3418

by Rep. Arthur Turner

#### SYNOPSIS AS INTRODUCED:

230 ILCS 40/15  
230 ILCS 40/45  
230 ILCS 40/50

Amends the Video Gaming Act. Provides that central communication system vendors may develop and provide information regarding gaming devices or individual gaming performance data to all manufacturers related to their respective video gaming terminals. Provides that publicly held corporations that have a registration statement filed or pending with the federal Securities and Exchange Commission seeking and possessing a license under the Act are not required to disclose the identity of every person, association, trust, corporation, or limited liability company having a greater than 1% direct or indirect pecuniary interest in the video gaming terminal operation for which license is sought. Provides that licenses issued to licensed establishments, licensed veterans establishment, licensed truck stop establishments, licensed technicians, and licensed terminal handlers shall be renewed annually. Provides that, upon expiration of an initial license, for licenses issued to manufacturers, distributors, suppliers, and terminal operators, licenses are to be issued annually for 3 years, and then shall be valid for up to 4 years in the Board's discretion. Provides that licenses for manufacturers, distributors, suppliers, terminal operators, licensed establishments, licensed fraternal establishments, licensed veterans establishments, and licensed truck stop establishments are not assignable or transferrable without prior approval of the Board or as provided by Board rule. Effective immediately.

LRB099 10040 MLM 30263 b

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 15, 45, and 50 as follows:

6 (230 ILCS 40/15)

7 Sec. 15. Minimum requirements for licensing and  
8 registration. Every video gaming terminal offered for play  
9 shall first be tested and approved pursuant to the rules of the  
10 Board, and each video gaming terminal offered in this State for  
11 play shall conform to an approved model. For the examination of  
12 video gaming machines and associated equipment as required by  
13 this Section, the Board may utilize the services of one or more  
14 independent outside testing laboratories that have been  
15 accredited by a national accreditation body and that, in the  
16 judgment of the Board, are qualified to perform such  
17 examinations. Every video gaming terminal offered in this State  
18 for play must meet minimum standards set by an independent  
19 outside testing laboratory approved by the Board. Each approved  
20 model shall, at a minimum, meet the following criteria:

21 (1) It must conform to all requirements of federal law  
22 and regulations, including FCC Class A Emissions  
23 Standards.

1           (2) It must theoretically pay out a mathematically  
2 demonstrable percentage during the expected lifetime of  
3 the machine of all amounts played, which must not be less  
4 than 80%. The Board shall establish a maximum payout  
5 percentage for approved models by rule. Video gaming  
6 terminals that may be affected by skill must meet this  
7 standard when using a method of play that will provide the  
8 greatest return to the player over a period of continuous  
9 play.

10           (3) It must use a random selection process to determine  
11 the outcome of each play of a game. The random selection  
12 process must meet 99% confidence limits using a standard  
13 chi-squared test for (randomness) goodness of fit.

14           (4) It must display an accurate representation of the  
15 game outcome.

16           (5) It must not automatically alter pay tables or any  
17 function of the video gaming terminal based on internal  
18 computation of hold percentage or have any means of  
19 manipulation that affects the random selection process or  
20 probabilities of winning a game.

21           (6) It must not be adversely affected by static  
22 discharge or other electromagnetic interference.

23           (7) It must be capable of detecting and displaying the  
24 following conditions during idle states or on demand: power  
25 reset; door open; and door just closed.

26           (8) It must have the capacity to display complete play

1 history (outcome, intermediate play steps, credits  
2 available, bets placed, credits paid, and credits cashed  
3 out) for the most recent game played and 10 games prior  
4 thereto.

5 (9) The theoretical payback percentage of a video  
6 gaming terminal must not be capable of being changed  
7 without making a hardware or software change in the video  
8 gaming terminal, either on site or via the central  
9 communications system.

10 (10) Video gaming terminals must be designed so that  
11 replacement of parts or modules required for normal  
12 maintenance does not necessitate replacement of the  
13 electromechanical meters.

14 (11) It must have nonresettable meters housed in a  
15 locked area of the terminal that keep a permanent record of  
16 all cash inserted into the machine, all winnings made by  
17 the terminal printer, credits played in for video gaming  
18 terminals, and credits won by video gaming players. The  
19 video gaming terminal must provide the means for on-demand  
20 display of stored information as determined by the Board.

21 (12) Electronically stored meter information required  
22 by this Section must be preserved for a minimum of 180 days  
23 after a power loss to the service.

24 (13) It must have one or more mechanisms that accept  
25 cash in the form of bills. The mechanisms shall be designed  
26 to prevent obtaining credits without paying by stringing,

1           slamming, drilling, or other means. If such attempts at  
2           physical tampering are made, the video gaming terminal  
3           shall suspend itself from operating until reset.

4           (14) It shall have accounting software that keeps an  
5           electronic record which includes, but is not limited to,  
6           the following: total cash inserted into the video gaming  
7           terminal; the value of winning tickets claimed by players;  
8           the total credits played; the total credits awarded by a  
9           video gaming terminal; and pay back percentage credited to  
10          players of each video game.

11          (15) It shall be linked by a central communications  
12          system to provide auditing program information as approved  
13          by the Board. The central communications system shall use a  
14          standard industry protocol, as defined by the Gaming  
15          Standards Association, and shall have the functionality to  
16          enable the Board or its designee to activate or deactivate  
17          individual gaming devices from the central communications  
18          system. In no event may the communications system approved  
19          by the Board limit participation to only one manufacturer  
20          of video gaming terminals by either the cost in  
21          implementing the necessary program modifications to  
22          communicate or the inability to communicate with the  
23          central communications system.

24          (16) The Board, in its discretion, may require video  
25          gaming terminals to display Amber Alert messages if the  
26          Board makes a finding that it would be economically and

1           technically feasible and pose no risk to the integrity and  
2           security of the central communications system and video  
3           gaming terminals.

4           The Board may adopt rules to establish additional criteria  
5           to preserve the integrity and security of video gaming in this  
6           State. The central communications system vendor may be licensed  
7           as a video gaming terminal manufacturer or a video gaming  
8           terminal distributor, or both, but in no event shall the  
9           central communications system vendor be licensed as a video  
10          gaming terminal operator.

11          The Board shall not permit the central communication system  
12          vendor to develop or use ~~development of~~ information regarding  
13          ~~or the use by any licensee of~~ gaming device or individual game  
14          performance data for its or its affiliates' exclusive use or  
15          benefit. The central communication system vendor may develop  
16          and provide information regarding gaming devices or individual  
17          gaming performance data to all manufacturers related to their  
18          respective video gaming terminals. Nothing in this Act shall  
19          inhibit or prohibit the Board from the use of gaming device or  
20          individual game performance data in its regulatory duties. The  
21          Board shall adopt rules to ensure that all licensees are  
22          treated and all licensees act in a non-discriminatory manner  
23          and develop processes and penalties to enforce those rules.

24          (Source: P.A. 98-31, eff. 6-24-13; 98-377, eff. 1-1-14; 98-582,  
25          eff. 8-27-13; 98-756, eff. 7-16-14.)

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 and applicable securities  
5 laws allow ~~allows~~, the background investigation shall include  
6 any or all of the following as the Board deems appropriate or  
7 as provided by rule for each category of licensure: (i) each  
8 beneficiary of a trust, (ii) each partner of a partnership,  
9 (iii) each member of a limited liability company, (iv) each  
10 director and officer of a publicly or non-publicly held  
11 corporation, (v) each stockholder of a non-publicly held  
12 corporation, (vi) each stockholder of 5% or more of a publicly  
13 held corporation, or (vii) each stockholder of 5% or more in a  
14 parent or subsidiary corporation.

15 (c) Each person seeking and possessing a license as a video  
16 gaming terminal manufacturer, distributor, supplier, operator,  
17 handler, licensed establishment, licensed truck stop  
18 establishment, licensed fraternal establishment, or licensed  
19 veterans establishment shall, to the extent that the corporate  
20 structure of the applicant and applicable securities laws  
21 allow, disclose the identity of every person, association,  
22 trust, corporation, or limited liability company having a  
23 greater than 1% direct or indirect pecuniary interest in the  
24 video gaming terminal operation for which the license is sought  
25 as the Board deems appropriate or as provided for by rule for  
26 each category of licensure; however, a publicly held



1 corporation that has a registration statement filed or pending  
2 with the federal Securities and Exchange Commission, or its  
3 equivalent, is not required to provide information under this  
4 Section. If the disclosed entity is a trust, the application  
5 shall disclose the names and addresses of the beneficiaries; if  
6 a corporation, the names and addresses of all stockholders and  
7 directors; if a limited liability company, the names and  
8 addresses of all members; or if a partnership, the names and  
9 addresses of all partners, both general and limited.

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

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

20 (2) create or enhance the dangers of unsuitable,  
21 unfair, or illegal practices, methods, and activities in  
22 the conduct of video gaming; or

23 (3) present questionable business practices and  
24 financial arrangements incidental to the conduct of video  
25 gaming activities.

26 (e) Any applicant for any license under this Act has the

1 burden of proving his or her qualifications to the satisfaction  
2 of the Board. The Board may adopt rules to establish additional  
3 qualifications and requirements to preserve the integrity and  
4 security of video gaming in this State.

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

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

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

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

26 (h) A terminal operator and a licensed establishment,

1 licensed truck stop establishment, licensed fraternal  
2 establishment, or licensed veterans establishment shall  
3 equally split the fees specified in item (7) of subsection (g).  
4 (Source: P.A. 97-1150, eff. 1-25-13; 98-31, eff. 6-24-13;  
5 98-587, eff. 8-27-13; 98-756, eff. 7-16-14.)

6 (230 ILCS 40/50)

7 Sec. 50. Distribution of license fees; expiration of  
8 licenses; transfer of licenses.

9 (a) All fees collected under Section 45 shall be deposited  
10 into the State Gaming Fund.

11 (b) Fees collected under Section 45 shall be used as  
12 follows:

13 (1) Twenty-five percent shall be paid, subject to  
14 appropriation by the General Assembly, to the Department of  
15 Human Services for administration of programs for the  
16 treatment of compulsive gambling.

17 (2) Seventy-five percent shall be used for the  
18 administration of this Act.

19 (c) All initial licenses issued ~~by the Board~~ under this Act  
20 shall be valid for one year, are renewable annually unless  
21 sooner cancelled or terminated. ~~No license issued under this~~  
22 ~~Act is transferable or assignable.~~

23 (d) Upon expiration of the initial license, licenses issued  
24 to licensed establishments, licensed fraternal establishment,  
25 licensed veterans establishment, licensed truck stop

1 establishments, licensed technicians, and licensed terminal  
2 handlers by the Board shall be: (1) valid for one year, unless  
3 sooner cancelled or terminated, and (2) renewed annually upon a  
4 determination by the Board that the licensee continues to meet  
5 all of the requirements of this Act and the Board's rules.

6 (e) Upon expiration of the initial license, and for 3 years  
7 thereafter, licenses issued to manufacturers, distributors,  
8 suppliers, and terminal operators shall be: (1) valid for one  
9 year, unless sooner cancelled or terminated, and (2) renewed  
10 annually upon a determination by the Board that the licensee  
11 continues to meet all of the requirements of this Act and the  
12 Board's rules; thereafter, such licenses shall be (1) valid for  
13 up to 4 years in the Board's discretion, and (2) renewed upon a  
14 determination by the Board that the licensee continues to meet  
15 all of the requirements of this Act and the Board's rules.

16 (f) Nothing in this Section shall prohibit the Board from  
17 investigating any licensee to determine that the licensee  
18 continues to meet all of the requirements of this Act and the  
19 Board's rules.

20 (g) Licenses for manufacturers, distributors, suppliers,  
21 terminal operators, licensed establishments, licensed  
22 fraternal establishments, licensed veterans establishments,  
23 and licensed truck stop establishments are not assignable or  
24 transferrable without prior approval by the Board or as  
25 provided by Board rule.

26 (Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09.)

1           Section 99. Effective date. This Act takes effect upon  
2    becoming law.