



Sen. Kwame Raoul

Filed: 5/18/2016

09900HB3655sam002

LRB099 08956 JWD 48898 a

1 AMENDMENT TO HOUSE BILL 3655

2 AMENDMENT NO. _____. Amend House Bill 3655, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 1. Short title. This Act may be cited as the
6 Fantasy Sports Contest Act.

7 Section 5. Legislative intent. This Act is designed to
8 provide regulation of companies providing access to paid
9 fantasy sports contests and protect Illinois consumers who play
10 paid fantasy sports contests for prizes from unfair acts and
11 practices that may arise in the gaming process. The regulation
12 is also intended to protect the families of persons who play
13 paid fantasy sports contests to the extent that they may be
14 affected by unfair and deceptive practices that lead to
15 unaffordable losses.

1 Section 10. Definitions. In this Act:

2 "Beginner fantasy sports player" means an individual who is
3 at least 21 years of age and who has entered fewer than 51
4 fantasy sports contests offered by a single fantasy sports
5 contest operator.

6 "Board" means the Illinois Gaming Board.

7 "Confidential information" means information related to
8 the play of a fantasy sports contest by fantasy sports players
9 obtained as a result of or by virtue of a person's employment
10 with a fantasy sports contest operator.

11 "Entry fee" means the cash or cash equivalent paid by a
12 fantasy sports player located in Illinois at the time of entry
13 for participation in a fantasy sports contest.

14 "Fantasy sports contest" means any fantasy contest, in
15 which:

16 (1) the value of all prizes and awards offered to
17 winning participants are established and made known to the
18 participants in advance of the contest and their value is
19 not determined by the number of participants or the amount
20 of any fees paid by those participants;

21 (2) all winning outcomes are determined predominantly
22 by accumulated statistical results of the performance of
23 individual athletes in real-world professional athletic
24 competitions; a professional athletic competition does not
25 include any amateur-level or collegiate-level sport; and

26 (3) no winning outcome is based on the score, point

1 spread, or any performance or performances of any single
2 actual team or combination of such teams or solely on any
3 single performance of an individual athlete or player in
4 any single actual event.

5 A fantasy sports contest in a game or contest that involves
6 individual athletes from real-world professional athletic
7 teams, such as football, baseball, basketball, hockey, soccer,
8 and other team sports: (i) shall consist of individual athletes
9 from at least 3 different real-world professional athletic
10 teams and (ii) shall not have more than 4 individual athletes
11 from a single real-world professional athletic team. However,
12 the prohibition contained in item (ii) of this paragraph does
13 not apply to a season-long fantasy sports contest.

14 "Fantasy sports contest operator" means any individual,
15 partnership, corporation, or limited liability company that
16 engages in the business of offering, by means of the Internet,
17 a smart phone application, or other similar electronic or
18 digital media or communication technologies, multiple fantasy
19 sports contests to persons.

20 "Fantasy sports contest platform" means any website, smart
21 phone application, or other portal providing access to a
22 fantasy sports contest.

23 "Fantasy sports contest revenues" means the amount of entry
24 fees collected from fantasy sports players located in Illinois
25 accepted by a fantasy sports contest operator that are not
26 awarded as prizes to fantasy sports players.

1 "Fantasy sports player" means an individual 21 years of age
2 or over who enters into a fantasy sports contest with an entry
3 fee offered by a fantasy sports contest operator.

4 "Highly experienced fantasy sports player" means an
5 individual who is at least 21 years of age and has (1) entered
6 more than 1,000 contests offered by a single fantasy sports
7 contest operator or (2) has won more than 3 prizes valued at
8 \$1,000 or more. Once a fantasy sports player is classified as a
9 highly experienced fantasy sports player, a player shall remain
10 classified as such.

11 "Minor" means an individual under 21 years of age.

12 "Prize" means anything of value, including money, contest
13 credits, merchandise, or admission to another contest.

14 "Scripts" means commands that a fantasy sports
15 contest-related computer program can execute that are created
16 by fantasy sports players (or by third parties for the use of
17 fantasy sports players) to automate processes on a fantasy
18 sports contest platform.

19 "Season-long fantasy sports contest" means a fantasy
20 sports contest offered by a fantasy sports contest operator
21 that is conducted over an entire sports season where the entry
22 fee is paid prior to the start of the season.

23 Section 15. Applicability. This Act and all rules adopted
24 under the authority of this Act shall only apply to fantasy
25 sports contests when an entry fee is paid by a fantasy sports

1 player at the time of entry for participation in a fantasy
2 sports contest.

3 Section 20. Authority of the Board.

4 (a) The Board shall have jurisdiction over and shall
5 supervise all fantasy sports contests governed by this Act. The
6 Board shall have all powers necessary and proper to fully and
7 effectively execute the provisions of this Act, including, but
8 not limited to, the following:

9 (1) To investigate applicants and determine the
10 eligibility of applicants for licenses that best serve the
11 interests of the citizens of Illinois.

12 (2) To adopt such rules as in its judgment may be
13 necessary to protect or enhance the credibility and
14 integrity of fantasy sports contests authorized by this Act
15 and the regulatory process under this Act.

16 (3) To provide for the establishment and collection of
17 all license and registration fees and taxes imposed by this
18 Act and the rules issued pursuant to this Act. All license
19 fees shall be deposited into the State Gaming Fund, and all
20 taxes collected shall be deposited into the Education
21 Assistance Fund.

22 (4) To suspend, revoke, or restrict licenses; to
23 require the removal of a fantasy sports contest operator or
24 an employee of a fantasy sports contest operator for a
25 violation of this Act or a Board rule or for engaging in a

1 fraudulent practice; and to impose civil penalties of up to
2 \$5,000 against individuals and up to \$10,000 or an amount
3 equal to the daily fantasy sports contest revenues,
4 whichever is larger, against licensees for each violation
5 of any provision of the Act, any rules adopted by the
6 Board, any order of the Board, or any other action which,
7 in the Board's discretion, is a detriment or impediment to
8 fantasy sports contests.

9 (5) To provide for the levy and collection of penalties
10 and fines for the violation of provisions of this Act and
11 the rules adopted under this Act. All such fines and
12 penalties shall be deposited into the State Gaming Fund.

13 (b) The Board shall adopt emergency rules to administer
14 this Act in accordance with Section 5-45 of the Illinois
15 Administrative Procedure Act. For the purposes of the Illinois
16 Administrative Procedure Act, the General Assembly finds that
17 the adoption of rules to implement this Act is deemed an
18 emergency and necessary to the public interest, safety, and
19 welfare.

20 Section 25. Fantasy sports player accounts.

21 (a) A fantasy sports contest operator shall not allow a
22 fantasy sports player to create more than one username or more
23 than one account. A fantasy sports contest operator shall take
24 commercially and technologically reasonable measures to verify
25 a fantasy sports player's true identity and address. A fantasy

1 sports contest operator shall implement and prominently
2 publish procedures to terminate all accounts of a fantasy
3 sports player that establishes or seeks to establish more than
4 one username or more than one account, whether directly or by
5 use of another person as a proxy. The procedures may allow a
6 fantasy sports player that establishes or seeks to establish
7 more than one username or more than one account to retain one
8 account provided that the fantasy sports contest operator
9 investigates and makes a good faith determination that the
10 fantasy sports player's conduct was not intended to obtain a
11 competitive advantage.

12 (b) Fantasy sports contest operators shall not allow
13 fantasy sports players to use a proxy server for the purpose of
14 misrepresenting their location in order to engage in fantasy
15 sports contests.

16 (c) Fantasy sports contest operators shall implement and
17 prominently publish procedures to terminate all accounts of any
18 fantasy sports player that establishes or seeks to establish
19 more than one username or more than one account, whether
20 directly or by use of another person as a proxy. If an account
21 is terminated for establishing or seeking to establish more
22 than one username or more than one account, the account holder
23 is prohibited from establishing another account with that
24 fantasy sports contest operator.

25 (d) Fantasy sports contest operators shall take
26 commercially and technologically reasonable measures to

1 prevent one fantasy sports player from acting as a proxy for
2 another. These measures shall include, without limitation, use
3 of geolocation technologies to prevent simultaneous logins to a
4 single account from geographically inconsistent locations.

5 Section 30. Protection of consumer funds on deposit and
6 compliance with data security requirements.

7 (a) Fantasy sports contest operators shall comply with all
8 applicable State and federal requirements for data security,
9 including, but not limited to, age verification and location
10 software.

11 (b) Funds in fantasy sports players' accounts shall be held
12 in segregated accounts by the fantasy sports contest operators
13 for the fantasy sports players that establish the accounts.
14 Fantasy sports contest operators shall implement and
15 prominently publish procedures that:

16 (1) prevent unauthorized withdrawals from fantasy
17 sports player accounts by fantasy sports contest operators
18 or others;

19 (2) prevent commingling of funds in a fantasy sports
20 player's account with other funds, including, without
21 limitation, funds of the fantasy sports contest operator;
22 fantasy sports player funds shall be segregated from
23 fantasy sports contest operators' operational funds and
24 any other funds held by the fantasy sports contest
25 operator; and

1 (3) address reporting on complaints by fantasy sports
2 players that their accounts have been misallocated,
3 compromised, or otherwise mishandled.

4 (c) Fantasy sports contest operators shall implement and
5 prominently publish procedures that allow any fantasy sports
6 player to permanently close an account at any time and for any
7 reason. The procedures shall allow for cancellation by any
8 means, including, without limitation, by a fantasy sports
9 player on any fantasy sports contest platform used by that
10 fantasy sports player to make deposits into a fantasy sports
11 player account. A copy of a fantasy sports contest operator's
12 procedures shall be submitted to the Board and any changes
13 shall be submitted within 30 days.

14 (d) When a fantasy sports player account is closed, the
15 fantasy sports contest operator shall refund all funds in the
16 account no later than 5 business days after submission of the
17 request or 10 business days after submission of any tax
18 reporting information required by law, whichever is later,
19 unless the fantasy sports contest operator makes a good faith
20 determination that the fantasy sports player engaged in
21 fraudulent or other conduct that would constitute a violation
22 of this Act, rules adopted pursuant to this Act, or the fantasy
23 sports contest operator's policies, in which case, upon notice
24 to the fantasy sports player of that determination, the
25 withdrawal may be held pending a reasonable investigative
26 period to resolve its investigation. For the purposes of this

1 subsection (d), a request for withdrawal shall be considered
2 honored if it is processed by the fantasy sports contest
3 operator, but delayed by a payment processor, a credit card
4 issuer, or the custodian of the financial account.

5 (e) If a prize is awarded to a fantasy sports player with a
6 closed account, that prize, to the extent it consists of funds,
7 shall be distributed by the fantasy sports contest operator
8 within 5 business days, or 10 business days of submission of
9 any tax reporting information required by law, unless the
10 fantasy sports contest operator makes a good faith
11 determination that the fantasy sports player engaged in
12 fraudulent or other conduct that would constitute a violation
13 of this Act or rules adopted pursuant to this Act. If such
14 determination is made, then the prize may be withheld, provided
15 that it is then awarded to another fantasy sports player in the
16 same contest who would have won the prize had the fantasy
17 sports player with the closed account not participated.

18 (f) A fantasy sports contest operator shall close any
19 fantasy player account that is inactive for 2 years and notify
20 the account holder that the account has been closed by email
21 and by mail to the account holder's last known address. When a
22 fantasy sports player account is closed due to inactivity, the
23 fantasy sports contest operator shall refund all funds in the
24 fantasy sports player account within 30 days, subject to the
25 receipt of any tax information required by law. In the event
26 that funds in a closed fantasy sports player account exceed \$5

1 and cannot be refunded and remain unclaimed, the fantasy sports
2 contest operator shall provide notice of the existence of funds
3 to the fantasy sports player no less often than annually for 3
4 years. If the funds in a closed fantasy sports player account
5 are for \$5 or less, such notice shall be provided one time upon
6 the closing of the account. Such notice shall be provided by
7 email and by mail to the account holder's last known address
8 and shall provide a process for claiming the funds. In the
9 event that funds in a closed fantasy sports player account
10 cannot be refunded and remain unclaimed by the fantasy sports
11 player after 3 years, such funds shall be reported and
12 delivered by the fantasy sports contest operator to the State
13 Treasurer for deposit in the Unclaimed Property Trust Fund as
14 reportable property under the Uniform Disposition of Unclaimed
15 Property Act.

16 (g) A fantasy sports contest operator shall prominently
17 publish all contractual terms and conditions and rules of
18 general applicability that affect a fantasy sports player's
19 account. Presentation of such terms, conditions, and rules at
20 the time of onboarding a new fantasy sports player shall not
21 suffice.

22 (h) Fantasy sports player's deposits shall be limited to no
23 more than \$3,000 per quarter. However, a fantasy sports contest
24 operator may establish and prominently publish procedures for
25 temporarily or permanently increasing a fantasy sports
26 player's deposit limit, at the request of the fantasy sports

1 player, above \$3,000 per quarter. Such procedures shall be
2 submitted to the Board.

3 If established by a fantasy sports contest operator, such
4 procedures shall include evaluation of information, including
5 income or asset information, sufficient to establish that the
6 fantasy sports player can afford losses that might result from
7 gameplay at the deposit limit level requested.

8 When a temporary or permanent deposit level limit increase
9 is approved, the fantasy sports contest operator's procedures
10 shall provide for annual re-certification of a player's
11 financial ability to afford losses.

12 Section 35. Restrictions on games offered by a fantasy
13 sports contest operator.

14 (a) All fantasy sports contest operators, except fantasy
15 sports contest operators who only offer season-long fantasy
16 sports contests, shall develop games that are limited to
17 beginner fantasy sports players and shall prohibit fantasy
18 sports players who are not beginner fantasy sports players from
19 participating in those games either directly or through another
20 person as a proxy. A fantasy sports contest operator shall
21 suspend the account of any fantasy sports player who is not a
22 beginner fantasy sports player and attempts to enter a game
23 limited to beginner fantasy sports players directly or through
24 another person as a proxy and shall ban such individual from
25 further play.

1 (b) All fantasy sports contest operators, except fantasy
2 sports contest operators who only offer season-long fantasy
3 sports contests, shall develop games in which highly
4 experienced fantasy sports players cannot participate either
5 directly or through another person as a proxy. A fantasy sports
6 contest operator shall suspend the account of any highly
7 experienced fantasy sports player who attempts to enter a game
8 that excludes highly experienced fantasy sports players
9 directly or through another person as a proxy and shall ban
10 such individual from further play. Fantasy sports contest
11 operators shall identify highly experienced fantasy sports
12 players by a symbol attached to their username, or by other
13 easily visible means, on all fantasy sports contest platforms.

14 (c) Fantasy sports contest operators shall have
15 prominently published rules that govern when each fantasy
16 sports contest shall close or lock. Each fantasy sports contest
17 operator shall also prominently disclose contest-specific
18 information about the time that the contest closes or locks in
19 connection with each contest offered. A fantasy sports contest
20 operator shall strictly enforce all disclosed closing or lock
21 times.

22 (d) Fantasy sports contest operators shall restrict the
23 number of entries into fantasy sports contests in the following
24 manner:

25 (1) Fantasy sports contest operators shall not allow
26 fantasy sports players to submit more than one entry in any

1 fantasy sports contest involving 12 total entries or less.

2 (2) Fantasy sports contest operators shall not allow
3 fantasy sports players to submit more than 2 entries in any
4 fantasy sports contest involving 13 to 36 total entries.

5 (3) Fantasy sports contest operators shall not allow
6 fantasy sports players to submit more than 3 entries in any
7 fantasy sports contest involving 37 to 100 total entries.

8 (4) Fantasy sports contest operators shall not allow
9 fantasy sports players to submit more than 3% of all
10 entries in any contest involving more than 100 total
11 entries.

12 (5) For all advertised fantasy sports contests, the
13 fantasy sports contest operator shall prominently include
14 information about the maximum number of entries that may be
15 submitted for that contest.

16 (e) Fantasy sports contest operators shall allow
17 individuals to restrict themselves from entering fantasy
18 sports contests under this Act. These restrictions shall
19 include, but not be limited to, (1) fantasy sports contest
20 entry limits, (2) limiting play to fantasy sports contest with
21 entry fees below an established limit, and (3) self-imposed
22 deposit limits less than allowed under this Act. Fantasy sports
23 contest operators shall implement and prominently publish
24 procedures for fantasy sports players to implement the
25 restrictions. Fantasy sports players shall have the option to
26 adjust these limits to make them more restrictive of gameplay

1 as often as they like, but shall not have the option to make
2 limits less restrictive of gameplay within 90 days after
3 setting the limits.

4 Section 37. Fantasy sports contest disclosures. Fantasy
5 sports contest operators, except fantasy sports contest
6 operators who only offer season-long fantasy sports contests,
7 must display for each fantasy sports contest the maximum
8 percentage of the total entry fees to be retained by the
9 fantasy sports contest operator. The maximum percentage
10 retained shall be conspicuously displayed above, next to, or
11 under the entry fee listed for each fantasy sports contest;
12 however, a fantasy sports contest operator may satisfy this
13 requirement by providing a hyperlink above, next to, or under
14 the entry fee listed for each fantasy sports contest that will
15 take the fantasy sports player directly to the maximum
16 percentage of the total entry fees to be retained by the
17 fantasy sports contest operator for that fantasy sports
18 contest.

19 Section 40. Prohibited activities by a fantasy sports
20 contest operator.

21 (a) No fantasy sports contest operator employee,
22 principal, officer, director, or contractor shall play on any
23 fantasy sports contest platform of any fantasy sports contest
24 operator or play through another person as a proxy. For the

1 purposes of this subsection (a), a contractor is limited to a
2 contractor who can access information of a fantasy sports
3 contest operator related to the conduct of a fantasy sports
4 contest that is not available to other fantasy sports players.
5 Fantasy sports contest operators shall make these restrictions
6 known to all affected individuals and corporate entities.

7 (b) No fantasy sports contest operator employee,
8 principal, officer, director, or contractor shall disclose
9 confidential information that may affect fantasy sports
10 contest gameplay to any person permitted to engage in fantasy
11 sports contest gameplay. Fantasy sports contest operators
12 shall make these restrictions known to all affected individuals
13 and corporate entities.

14 (c) No fantasy sports contest operator shall allow a
15 professional athlete whose individual statistics or
16 performance may be used to determine any part of the outcome of
17 any fantasy sports contest to enter fantasy sports contests in
18 the sports in which he or she participates. A fantasy sports
19 contest operator shall take commercially reasonable efforts to
20 prevent a sports agent, team employee, referee, or league
21 official associated with any competition that is the subject of
22 fantasy sports contests to enter fantasy sports contests in the
23 sport in which he or she participates, nor shall such athlete,
24 sports agent, team official, team representative, referee, or
25 league official play through another person as a proxy.

26 (1) Fantasy sports contest operators shall take

1 commercially reasonable efforts to obtain lists of persons
2 described in this subsection (c) for the purpose of
3 implementing this subsection (c).

4 (2) Fantasy sports contest operators, upon learning of
5 a violation of this subsection (c), shall bar the
6 individual committing the violation from playing in any
7 fantasy sports contest by suspending the individual's
8 account and banning the individual from further play, shall
9 terminate any existing promotional agreements with the
10 individual, and shall refuse to make any new promotional
11 agreements that compensate the individual.

12 (3) Fantasy sports contest operators shall make these
13 restrictions known to all affected individuals and
14 corporate entities.

15 (d) No fantasy sports contest operator shall allow minors
16 to create a fantasy sports contest account. Fantasy sports
17 contest operators shall include age verification measures when
18 establishing a fantasy sports contest account.

19 (e) No fantasy sports contest operator may extend credit to
20 a fantasy sports player.

21 (f) A fantasy sports contest operator shall not permit
22 unauthorized scripts to be used on fantasy sports contest
23 platforms and shall use commercially reasonable efforts to
24 monitor for and to prevent use of such scripts.

25 (g) A fantasy sports contest operator shall bar any
26 individual or corporation found to be using an unauthorized

1 script from playing in any fantasy sports contest by
2 terminating the individual or corporate account and by banning
3 that individual or corporation from further play.

4 (h) A fantasy sports contest operator shall not authorize
5 scripts that provide a player with a competitive advantage over
6 another player.

7 (i) For the purpose of subsections (f), (g), and (h) of
8 this Section, a script shall be treated as offering a
9 competitive advantage for reasons including, but not limited
10 to, its potential use to:

11 (1) facilitate entry of multiple contests with a single
12 line-up;

13 (2) facilitate changes in many line-ups at one time;

14 (3) facilitate use of commercial products designed and
15 distributed by third parties to identify advantageous game
16 strategies; or

17 (4) gather information about the performance of others
18 for the purpose of identifying or entering contests against
19 fantasy sports players who are less likely to be
20 successful.

21 (j) A fantasy sports contest operator shall not offer a
22 fantasy sports contest that involves an amateur-level or
23 collegiate-level sport.

24 Section 45. Advertising.

25 (a) Advertisements of fantasy sports contest operators

1 shall not depict (i) minors (other than professional athletes
2 who may be minors), (ii) students, (iii) schools, colleges, or
3 universities, or (iv) school, college, or university settings.
4 However, incidental depiction of non-featured minors or minors
5 accompanying adults shall not be a violation of this subsection
6 (a).

7 (b) Fantasy sports contest operators shall not advertise on
8 school, college, or university campuses.

9 (c) Fantasy sports contest operators shall not advertise at
10 amateur athletic competitions, except to the extent that those
11 competitions are played in stadiums where professional
12 competitions are held and where non-digital advertisements
13 have been posted, erected, or otherwise displayed in a manner
14 that would require substantial effort to remove.

15 Section 50. Withholding of delinquent child support.

16 (a) From individual winnings of \$600 or more that are
17 subject to reporting to the Internal Revenue Service on Form
18 1099, a fantasy sports contest operator shall withhold up to
19 the full amount of winnings necessary to pay the winner's past
20 due child support amount as certified by the Department of
21 Healthcare and Family Services under Section 10-17.15 of the
22 Illinois Public Aid Code. Amounts withheld shall be paid to the
23 Department of Healthcare and Family Services by the fantasy
24 sports contest operator, as applicable. This process shall be
25 accomplished as provided in 89 Ill. Adm. Code 160.70(q).

1 (b) For withholding of winnings, the fantasy sports contest
2 operator shall be entitled to an administrative fee not to
3 exceed the lesser of 4% of the total amount of cash winnings
4 paid to the fantasy sports player or \$150.

5 (c) In no event shall the total amount withheld from the
6 cash payout exceed the total cash winnings claimed by the
7 obligor. If the cash payout claimed is greater than the amount
8 sufficient to satisfy the obligor's delinquent child support
9 payments, the fantasy sports contest operator shall pay the
10 obligor the remaining balance of the payout.

11 (d) Any fantasy sports player that knowingly claims
12 winnings from a single fantasy sports contest in a manner to
13 intentionally avoid reporting winnings to the Internal Revenue
14 Service shall be guilty of a Class A misdemeanor. Fantasy
15 sports contest operators shall take commercially and
16 technologically reasonable measures to ensure fantasy sports
17 players comply with all reporting requirements. If a fantasy
18 sports contest operator reasonably believes that the fantasy
19 sports player engaged in conduct that would constitute a
20 violation of federal reporting requirements, the fantasy
21 sports contest operator shall bar the individual committing the
22 violation from playing in any fantasy sports contest by
23 suspending the individual's account and banning such
24 individual from further play until the individual provides the
25 fantasy sports contest operator proof that the individual has
26 resolved all compliance issues with the Internal Revenue

1 Service.

2 (e) A fantasy sports contest operator who in good faith
3 complies with the requirements of this Section shall not be
4 liable to the gaming winner or any other individual or entity.

5 (f) Upon request of a fantasy sports contest operator under
6 this Act, an agent of the Board (such as a gaming special agent
7 employed by the Board, a State police officer, or a revenue
8 agent) shall be responsible for notifying the person identified
9 as being delinquent in child support payments that the fantasy
10 sports contest operator is required by law to withhold all or a
11 portion of his or her winnings. If given, this notification
12 must be provided at the time the winnings are withheld.

13 (g) The provisions of this Section shall be operative on
14 and after the date that rules are adopted by the Department of
15 Healthcare and Family Services pursuant to Section 10-17.15 of
16 the Illinois Public Aid Code.

17 (h) The delinquent child support required to be withheld
18 under this Section has priority over any secured or unsecured
19 claim on cash winnings, except claims for federal or State
20 taxes that are required to be withheld under federal or State
21 law.

22 Section 55. Audits. All fantasy sports contest operators
23 with annual fantasy sports contest revenue of \$100,000 or more
24 shall annually be subject to an audit of the financial
25 transactions and condition of the fantasy sports contest

1 operator's total operations as they relate to the offering and
2 operating of fantasy sports contests and to ensure compliance
3 with all of the requirements in this Act. Fantasy sports
4 contest operators with annual fantasy sports contest revenues
5 less than \$100,000 shall every 3 years be subject to an audit
6 of the financial transactions and condition of the fantasy
7 sports contest operator's total operations as they relate to
8 the offering and operating of fantasy sports contests and to
9 ensure compliance with all of the requirements in this Act. All
10 audits and compliance engagements shall be conducted by
11 certified public accountants or an independent testing
12 laboratory approved by the Board. Each certified public
13 accountant must be registered in the State of Illinois under
14 the Illinois Public Accounting Act. The compensation for each
15 certified public accountant or independent testing laboratory
16 shall be paid directly by the fantasy sports contest operator
17 to the certified public accountant or independent testing
18 laboratory. The audit shall be conducted and submitted to the
19 Board by January 31 of the year in which the audit is due.

20 Section 60. Annual reports. All fantasy sports contest
21 operators licensed by the Board must annually submit a report
22 to the Board no later than January 31 of each year. Information
23 included in the report shall include:

- 24 (1) the number of fantasy sports player accounts with
25 the fantasy sports contest operator; this shall be broken

1 down between beginner fantasy sports players and highly
2 experienced fantasy sports players;

3 (2) the number of new accounts established;

4 (3) the number of accounts closed;

5 (4) the total amount of entry fees received from
6 fantasy sports players located in Illinois;

7 (5) the total amount of prizes awarded to fantasy
8 sports players located in Illinois;

9 (6) the total amount of fantasy sports contest revenue;

10 (7) the number of fantasy sports players that are
11 located in Illinois that requested deposit limit
12 increases; and

13 (8) the number of deposit limit increases granted to
14 fantasy sports players located in Illinois by the fantasy
15 sports contest operator.

16 Section 65. Application for licensure; background
17 investigation; fees.

18 (a) A qualified person may apply to the Board for a fantasy
19 sports contest operator license to conduct fantasy sports
20 contests as provided in this Act. The application shall be made
21 on forms provided by the Board. The burden is upon each
22 applicant to demonstrate suitability for licensure. Each
23 fantasy sports contest operator shall be licensed by the Board.
24 The Board may issue a license for a period of up to 2 years or,
25 in the case of fantasy sports contest operators with annual

1 fantasy sports revenues less than \$100,000, for up to 3 years.

2 (b) Each person seeking and possessing a license as a
3 fantasy sports contest operator shall submit to a background
4 investigation conducted by the Board with the assistance of the
5 State Police or other law enforcement. To the extent that the
6 corporate structure of the applicant allows, the background
7 investigation shall include any or all of the following as the
8 Board deems appropriate or as provided by rule: (i) each
9 beneficiary of a trust, (ii) each partner of a partnership,
10 (iii) each member of a limited liability company, (iv) each
11 director and officer of a publicly or non-publicly held
12 corporation, (v) each stockholder of a non-publicly held
13 corporation, (vi) each stockholder of 5% or more of a publicly
14 held corporation, or (vii) each stockholder of 5% or more in a
15 parent or subsidiary corporation.

16 (c) Each person seeking and possessing a license as a
17 fantasy sports contest operator shall disclose the identity of
18 every person, association, trust, corporation, or limited
19 liability company having a greater than 1% direct or indirect
20 pecuniary interest in the fantasy sports contest operator for
21 which the license is sought. If the disclosed entity is a
22 trust, the application shall disclose the names and addresses
23 of the beneficiaries; if a corporation, the names and addresses
24 of all stockholders and directors; if a limited liability
25 company, the names and addresses of all members; or if a
26 partnership, the names and addresses of all partners, both

1 general and limited.

2 (d) All information, records, interviews, reports,
3 statements, memoranda, or other data supplied to or used by the
4 Board in the course of its review or investigation of an
5 application for a license or a renewal under this Act shall be
6 privileged and strictly confidential and shall be used only for
7 the purpose of evaluating an applicant for a license or a
8 renewal. The information, records, interviews, reports,
9 statements, memoranda, or other data shall not be admissible as
10 evidence nor discoverable in any action of any kind in any
11 court or before any tribunal, board, agency, or person, except
12 for any action deemed necessary by the Board.

13 (e) No person may be licensed as a fantasy sports contest
14 operator 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 poses a threat to the public
18 interests of the State or to the security and integrity of
19 fantasy sports contests;

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

23 (3) present questionable business practices and
24 financial arrangements incidental to the conduct of
25 fantasy sports contests.

26 (f) Any applicant for a 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 fantasy sports contests in this State.

5 (g) A fantasy sports contest operator that has been
 6 operating in Illinois for at least 6 months on December 23,
 7 2015 or any other entity that holds a current owners license
 8 under the Riverboat Gambling Act from the Board may operate
 9 fantasy sports contests until a final decision is rendered on
 10 the application for a fantasy sports contest operator license.
 11 The operation of fantasy sports contests under this subsection
 12 (g): shall not be regulated under any provision of the
 13 Riverboat Gambling Act, or rule adopted thereunder; and shall
 14 not be the basis for, or have any impact on, any decision or
 15 action relating to an owners license under the Riverboat
 16 Gambling Act.

17 (h) A non-refundable application fee shall be paid at the
 18 time an application for a license is filed with the Board in
 19 the following amounts:

- 20 (1) Fantasy sports contest operator with annual
 21 fantasy sports contest revenue greater
 22 than \$10,000,000 \$25,000
- 23 (2) Fantasy sports contest operator with annual
 24 fantasy sports contest revenue greater than
 25 \$5,000,000 but not more than \$10,000,000 \$12,500
- 26 (3) Fantasy sports contest operator with annual

- 1 fantasy sports contest revenue greater than
- 2 \$1,000,000 but not more than \$5,000,000 \$7,500
- 3 (4) Fantasy sports contest operator with annual
- 4 fantasy sports contest revenue of at least
- 5 \$100,000 but not more than \$1,000,000 \$5,000
- 6 (5) Fantasy sports contest operator with annual
- 7 fantasy sports contest revenue less
- 8 than \$100,000 \$500
- 9 (i) The Board shall establish a fee for each license not to
- 10 exceed the following for the initial licensure period:
- 11 (1) Fantasy sports contest operator with annual
- 12 fantasy sports contest revenue greater
- 13 than \$10,000,000 \$50,000
- 14 (2) Fantasy sports contest operator with annual
- 15 fantasy sports contest revenue greater than
- 16 \$5,000,000 but not more than \$10,000,000 \$25,000
- 17 (3) Fantasy sports contest operator with annual
- 18 fantasy sports contest revenue greater than
- 19 \$1,000,000 but not more than \$5,000,000 \$15,000
- 20 (4) Fantasy sports contest operator with annual
- 21 fantasy sports contest revenue of at least
- 22 \$100,000 but not more than \$1,000,000 \$10,000
- 23 (5) Fantasy sports contest operator with annual
- 24 fantasy sports contest revenue less
- 25 than \$100,000 \$1,500
- 26 (j) For subsequent licensure periods, the renewal fee shall

1 not exceed the following:

2 (1) Fantasy sports contest operator with annual
 3 fantasy sports contest revenue greater
 4 than \$10,000,000 \$37,500

5 (2) Fantasy sports contest operator with annual
 6 fantasy sports contest revenue greater than
 7 \$5,000,000 but not more than \$10,000,000 \$18,750

8 (3) Fantasy sports contest operator with annual
 9 fantasy sports contest revenue greater than
 10 \$1,000,000 but no more than \$5,000,000 \$11,250

11 (4) Fantasy sports contest operator with annual
 12 fantasy sports contest revenue of at least
 13 \$100,000 but not more than \$1,000,000 \$7,500

14 (5) Fantasy sports contest operator with annual
 15 fantasy sports contest revenue less
 16 than \$100,000 \$1,125

17 Section 70. Distribution of license fees.

18 (a) All fees collected under Section 65 of this Act shall
19 be deposited into the State Gaming Fund.

20 (b) Fees collected under Section 65 of this Act shall be
21 used for the administration of this Act.

22 (c) All licenses issued by the Board under this Act are
23 renewable every 2 years for fantasy sports contest operators
24 with annual fantasy sports contest revenues of \$100,000 or more
25 and every 3 years for fantasy sports contest operators with

1 annual fantasy sports contest revenues less than \$100,000
2 unless sooner cancelled or terminated. No license issued under
3 this Act is transferable or assignable.

4 Section 75. Imposition and distribution of tax.

5 (a) A privilege tax is imposed on persons engaged in the
6 business of operating fantasy sports contests based on the
7 fantasy sports contest revenues received by a fantasy sports
8 contest operator licensed under this Act at the following
9 graduated tax rates:

10 (1) 5% of annual fantasy sports contest revenues up to
11 and including \$1,000,000;

12 (2) 7.5% of annual fantasy sports contest revenues in
13 excess of \$1,000,000 but not exceeding \$3,000,000;

14 (3) 10% of annual fantasy sports contest revenues in
15 excess of \$3,000,000 but not exceeding \$8,000,000;

16 (4) 15% of annual fantasy sports contest revenues in
17 excess of \$8,000,000 but not exceeding \$15,000,000;

18 (5) 22.5% of annual fantasy sports contest revenues in
19 excess of \$15,000,000 but not exceeding \$25,000,000; and

20 (6) 30% of annual fantasy sports contest revenues in
21 excess of \$25,000,000.

22 (b) The taxes imposed by this Section shall be paid by the
23 fantasy sports contest operator to the Board not later than the
24 fifteenth day of every month for the previous month's privilege
25 taxes. All payments not remitted when due shall be paid

1 together with a penalty assessment on the unpaid balance at a
2 rate of 1.5% per month.

3 (c) All of the tax collected under this Section shall be
4 deposited into the Education Assistance Fund.

5 Section 80. Limitation on taxation of fantasy sports
6 contest operators. Fantasy sports contest operators shall not
7 be subjected to any excise tax, license tax, permit tax,
8 privilege tax, or occupation tax that is imposed exclusively
9 upon the licensee by the State or any political subdivision
10 thereof, except as provided in this Act.

11 Section 900. The Regulatory Sunset Act is amended by
12 changing Section 4.30 as follows:

13 (5 ILCS 80/4.30)

14 Sec. 4.30. Acts repealed on January 1, 2020. The following
15 Acts are repealed on January 1, 2020:

16 The Auction License Act.

17 The Community Association Manager Licensing and
18 Disciplinary Act.

19 The Illinois Architecture Practice Act of 1989.

20 The Illinois Landscape Architecture Act of 1989.

21 The Illinois Professional Land Surveyor Act of 1989.

22 The Land Sales Registration Act of 1999.

23 The Orthotics, Prosthetics, and Pedorthics Practice Act.

1 The Perfusionist Practice Act.

2 The Professional Engineering Practice Act of 1989.

3 The Real Estate License Act of 2000.

4 The Structural Engineering Practice Act of 1989.

5 The Fantasy Sports Contest Act.

6 (Source: P.A. 96-610, eff. 8-24-09; 96-626, eff. 8-24-09;
7 96-682, eff. 8-25-09; 96-726, eff. 7-1-10; 96-730, eff.
8 8-25-09; 96-855, eff. 12-31-09; 96-856, eff. 12-31-09;
9 96-1000, eff. 7-2-10.)

10 Section 905. The Illinois Public Aid Code is amended by
11 changing Section 10-17.15 as follows:

12 (305 ILCS 5/10-17.15)

13 Sec. 10-17.15. Certification of information to State
14 gaming licensees.

15 (a) For purposes of this Section, "State gaming licensee"
16 means, as applicable, an organization licensee or advance
17 deposit wagering licensee licensed under the Illinois Horse
18 Racing Act of 1975, an owners licensee licensed under the
19 Riverboat Gambling Act, ~~or~~ a licensee that operates, under any
20 law of this State, one or more facilities or gaming locations
21 at which lawful gambling is authorized and licensed as provided
22 in the Riverboat Gambling Act, or a fantasy sports contest
23 operator licensed under the Fantasy Sports Contest Act.

24 (b) The Department may provide, by rule, for certification

1 to any State gaming licensee of past due child support owed by
2 a responsible relative under a support order entered by a court
3 or administrative body of this or any other State on behalf of
4 a resident or non-resident receiving child support services
5 under this Article in accordance with the requirements of Title
6 IV-D, Part D, of the Social Security Act. The State gaming
7 licensee shall have the ability to withhold from winnings
8 required to be reported to the Internal Revenue Service on Form
9 W-2G or, in the case of a fantasy sports contest operator, the
10 ability to withhold from individual winnings of \$600 or more
11 that are subject to reporting to the Internal Revenue Service
12 on Form 1099, up to the full amount of winnings necessary to
13 pay the winner's past due child support. The rule shall provide
14 for notice to and an opportunity to be heard by each
15 responsible relative affected and any final administrative
16 decision rendered by the Department shall be reviewed only
17 under and in accordance with the Administrative Review Law.

18 (c) For withholding of winnings, the State gaming licensee
19 shall be entitled to an administrative fee not to exceed the
20 lesser of 4% of the total amount of cash winnings paid to the
21 gambling winner or \$150.

22 (d) In no event may the total amount withheld from the cash
23 payout, including the administrative fee, exceed the total cash
24 winnings claimed by the obligor. If the cash payout claimed is
25 greater than the amount sufficient to satisfy the obligor's
26 delinquent child support payments, the State gaming licensee

1 shall pay the obligor the remaining balance of the payout, less
2 the administrative fee authorized by subsection (c) of this
3 Section, at the time it is claimed.

4 (e) A State gaming licensee who in good faith complies with
5 the requirements of this Section shall not be liable to the
6 gaming winner or any other individual or entity.

7 (Source: P.A. 98-318, eff. 8-12-13.)

8 Section 910. The Criminal Code of 2012 is amended by
9 changing Section 28-1 as follows:

10 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)
11 Sec. 28-1. Gambling.

12 (a) A person commits gambling when he or she:

13 (1) knowingly plays a game of chance or skill for money
14 or other thing of value, unless excepted in subsection (b)
15 of this Section;

16 (2) knowingly makes a wager upon the result of any
17 game, contest, or any political nomination, appointment or
18 election;

19 (3) knowingly operates, keeps, owns, uses, purchases,
20 exhibits, rents, sells, bargains for the sale or lease of,
21 manufactures or distributes any gambling device;

22 (4) contracts to have or give himself or herself or
23 another the option to buy or sell, or contracts to buy or
24 sell, at a future time, any grain or other commodity

1 whatsoever, or any stock or security of any company, where
2 it is at the time of making such contract intended by both
3 parties thereto that the contract to buy or sell, or the
4 option, whenever exercised, or the contract resulting
5 therefrom, shall be settled, not by the receipt or delivery
6 of such property, but by the payment only of differences in
7 prices thereof; however, the issuance, purchase, sale,
8 exercise, endorsement or guarantee, by or through a person
9 registered with the Secretary of State pursuant to Section
10 8 of the Illinois Securities Law of 1953, or by or through
11 a person exempt from such registration under said Section
12 8, of a put, call, or other option to buy or sell
13 securities which have been registered with the Secretary of
14 State or which are exempt from such registration under
15 Section 3 of the Illinois Securities Law of 1953 is not
16 gambling within the meaning of this paragraph (4);

17 (5) knowingly owns or possesses any book, instrument or
18 apparatus by means of which bets or wagers have been, or
19 are, recorded or registered, or knowingly possesses any
20 money which he has received in the course of a bet or
21 wager;

22 (6) knowingly sells pools upon the result of any game
23 or contest of skill or chance, political nomination,
24 appointment or election;

25 (7) knowingly sets up or promotes any lottery or sells,
26 offers to sell or transfers any ticket or share for any

1 lottery;

2 (8) knowingly sets up or promotes any policy game or
3 sells, offers to sell or knowingly possesses or transfers
4 any policy ticket, slip, record, document or other similar
5 device;

6 (9) knowingly drafts, prints or publishes any lottery
7 ticket or share, or any policy ticket, slip, record,
8 document or similar device, except for such activity
9 related to lotteries, bingo games and raffles authorized by
10 and conducted in accordance with the laws of Illinois or
11 any other state or foreign government;

12 (10) knowingly advertises any lottery or policy game,
13 except for such activity related to lotteries, bingo games
14 and raffles authorized by and conducted in accordance with
15 the laws of Illinois or any other state;

16 (11) knowingly transmits information as to wagers,
17 betting odds, or changes in betting odds by telephone,
18 telegraph, radio, semaphore or similar means; or knowingly
19 installs or maintains equipment for the transmission or
20 receipt of such information; except that nothing in this
21 subdivision (11) prohibits transmission or receipt of such
22 information for use in news reporting of sporting events or
23 contests; or

24 (12) knowingly establishes, maintains, or operates an
25 Internet site that permits a person to play a game of
26 chance or skill for money or other thing of value by means

1 of the Internet or to make a wager upon the result of any
2 game, contest, political nomination, appointment, or
3 election by means of the Internet. This item (12) does not
4 apply to activities referenced in items (6) and (6.1) of
5 subsection (b) of this Section. This item (12) does not
6 apply to activities referenced in item (15) subsection (b)
7 of this Section.

8 (b) Participants in any of the following activities shall
9 not be convicted of gambling:

10 (1) Agreements to compensate for loss caused by the
11 happening of chance including without limitation contracts
12 of indemnity or guaranty and life or health or accident
13 insurance.

14 (2) Offers of prizes, award or compensation to the
15 actual contestants in any bona fide contest for the
16 determination of skill, speed, strength or endurance or to
17 the owners of animals or vehicles entered in such contest.

18 (3) Pari-mutuel betting as authorized by the law of
19 this State.

20 (4) Manufacture of gambling devices, including the
21 acquisition of essential parts therefor and the assembly
22 thereof, for transportation in interstate or foreign
23 commerce to any place outside this State when such
24 transportation is not prohibited by any applicable Federal
25 law; or the manufacture, distribution, or possession of
26 video gaming terminals, as defined in the Video Gaming Act,

1 by manufacturers, distributors, and terminal operators
2 licensed to do so under the Video Gaming Act.

3 (5) The game commonly known as "bingo", when conducted
4 in accordance with the Bingo License and Tax Act.

5 (6) Lotteries when conducted by the State of Illinois
6 in accordance with the Illinois Lottery Law. This exemption
7 includes any activity conducted by the Department of
8 Revenue to sell lottery tickets pursuant to the provisions
9 of the Illinois Lottery Law and its rules.

10 (6.1) The purchase of lottery tickets through the
11 Internet for a lottery conducted by the State of Illinois
12 under the program established in Section 7.12 of the
13 Illinois Lottery Law.

14 (7) Possession of an antique slot machine that is
15 neither used nor intended to be used in the operation or
16 promotion of any unlawful gambling activity or enterprise.
17 For the purpose of this subparagraph (b)(7), an antique
18 slot machine is one manufactured 25 years ago or earlier.

19 (8) Raffles and poker runs when conducted in accordance
20 with the Raffles and Poker Runs Act.

21 (9) Charitable games when conducted in accordance with
22 the Charitable Games Act.

23 (10) Pull tabs and jar games when conducted under the
24 Illinois Pull Tabs and Jar Games Act.

25 (11) Gambling games conducted on riverboats when
26 authorized by the Riverboat Gambling Act.

1 (12) Video gaming terminal games at a licensed
2 establishment, licensed truck stop establishment, licensed
3 fraternal establishment, or licensed veterans
4 establishment when conducted in accordance with the Video
5 Gaming Act.

6 (13) Games of skill or chance where money or other
7 things of value can be won but no payment or purchase is
8 required to participate.

9 (14) Savings promotion raffles authorized under
10 Section 5g of the Illinois Banking Act, Section 7008 of the
11 Savings Bank Act, Section 42.7 of the Illinois Credit Union
12 Act, Section 5136B of the National Bank Act (12 U.S.C.
13 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
14 1463).

15 (15) Fantasy sports contests and participation in
16 fantasy sports contests as defined and offered under the
17 Fantasy Sports Contest Act.

18 (c) Sentence.

19 Gambling is a Class A misdemeanor. A second or subsequent
20 conviction under subsections (a) (3) through (a) (12), is a Class
21 4 felony.

22 (d) Circumstantial evidence.

23 In prosecutions under this Section circumstantial evidence
24 shall have the same validity and weight as in any criminal
25 prosecution.

26 (Source: P.A. 98-644, eff. 6-10-14; 99-149, eff. 1-1-16.)

1 Section 999. Effective date. This Act takes effect upon
2 becoming law.".