

# HB4346



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

**HB4346**

by Rep. Ed Sullivan

#### SYNOPSIS AS INTRODUCED:

20 ILCS 1605/7.12

Amends the Illinois Lottery Law. Makes the Internet pilot program, which allows the sale of lottery tickets over the Internet, a permanent program. Removes provisions concerning the Internet Lottery Study Committee. Effective immediately.

LRB099 15628 MLM 39920 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

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

6 (20 ILCS 1605/7.12)

7 Sec. 7.12. Internet ~~pilot~~ program.

8 (a) The General Assembly finds that:

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

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

16 (3) the current practices of selling lottery tickets  
17 does not appeal to the new form of market participants who  
18 prefer to make purchases on the Internet at their own  
19 convenience.

20 It is the intent of the General Assembly to create an  
21 Internet ~~pilot~~ program for the sale of lottery tickets to  
22 capture this new form of market participant.

23 (b) The Department shall create a ~~pilot~~ program that allows

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

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

23 The Department is obligated to implement the ~~pilot~~ program  
24 set forth in this Section and Sections 7.15 and 7.16 only at  
25 such time, and to such extent, that the Department of Justice  
26 does not object to the implementation of the program within a

1 reasonable period of time after its review. While the Illinois  
2 Lottery may only offer Lotto, Mega Millions, and Powerball  
3 games through the ~~pilot~~ program, the Department shall request  
4 review from the federal Department of Justice for the Illinois  
5 Lottery to sell lottery tickets on the Internet on behalf of  
6 the State of Illinois that are not limited to just these games.

7 The Department shall authorize the private manager to  
8 implement and administer the program pursuant to the management  
9 agreement entered into under Section 9.1 and in a manner  
10 consistent with the provisions of this Section. If a private  
11 manager has not been selected pursuant to Section 9.1 at the  
12 time the Department is obligated to implement the ~~pilot~~  
13 program, then the Department shall not proceed with the ~~pilot~~  
14 program until after the selection of the private manager, at  
15 which time the Department shall authorize the private manager  
16 to implement and administer the program pursuant to the  
17 management agreement entered into under Section 9.1 and in a  
18 manner consistent with the provisions of this Section.

19 ~~The pilot program shall last for not less than 36 months,~~  
20 ~~but not more than 48 months from the date of its initial~~  
21 ~~operation.~~

22 Nothing in this Section shall be construed as prohibiting  
23 the Department from implementing and operating a website portal  
24 whereby individuals who are 18 years of age or older with an  
25 Illinois mailing address may apply to purchase lottery tickets  
26 via subscription. Nothing in this Section shall also be

1 construed as prohibiting the sale of Lotto, Mega Millions, and  
2 Powerball games by a lottery licensee pursuant to the  
3 Department's rules.

4 (c) (Blank). ~~There is created the Internet Lottery Study~~  
5 ~~Committee as an advisory body within the Department. The~~  
6 ~~Department shall conduct a study to determine the impact of the~~  
7 ~~Internet pilot program on lottery licensees. The Department~~  
8 ~~shall also determine the feasibility of the sale of stored~~  
9 ~~value cards by lottery licensees as a non exclusive option for~~  
10 ~~use by individuals 18 years of age or older who purchase~~  
11 ~~tickets for authorized lottery games in the Internet pilot~~  
12 ~~program. For the purposes of this study, it is anticipated that~~  
13 ~~the stored value cards will have, but need not be limited to,~~  
14 ~~the following characteristics: (1) the cards will be available~~  
15 ~~only to individuals 18 years of age and older; (2) the cards~~  
16 ~~will be rechargeable, closed loop cards that can only be loaded~~  
17 ~~with cash; (3) the cards will have unique identifying numbers~~  
18 ~~to be used for on line play; (4) the cards will have on line~~  
19 ~~play subtracted from the card's value; (5) the cards may have~~  
20 ~~on-line winnings added to them; (6) the cards will be used at~~  
21 ~~Lottery retailers to cash out winnings of up to \$600; and (7)~~  
22 ~~the cards will meet all technological, programming, and~~  
23 ~~security requirements mandated by the Department and the~~  
24 ~~governing bodies of both Mega Millions and Powerball.~~

25 ~~To the fullest extent possible, but subject to available~~  
26 ~~resources, the Department shall ensure that the study evaluates~~

1 ~~and analyzes at least the following issues:~~

2 ~~(1) economic benefits to the State from Internet~~  
3 ~~Lottery sales from stored value cards and from resulting~~  
4 ~~sales taxes;~~

5 ~~(2) economic benefits to local governments from sales~~  
6 ~~taxes generated from Internet Lottery sales through stored~~  
7 ~~value cards;~~

8 ~~(3) economic benefits to Lottery retailers from~~  
9 ~~Internet Lottery sales and from ancillary retail product~~  
10 ~~sales in connection with the same;~~

11 ~~(4) enhanced player age verification from face to face~~  
12 ~~interaction;~~

13 ~~(5) enhanced control of gambling addiction from~~  
14 ~~face to face interaction;~~

15 ~~(6) elimination of credit card overspending through~~  
16 ~~the use of stored value cards and resulting reduced debt~~  
17 ~~issues;~~

18 ~~(7) the feasibility of the utilization of existing~~  
19 ~~Lottery machines to dispense stored value cards;~~

20 ~~(8) the technological, programming, and security~~  
21 ~~requirements to make stored value cards an appropriate~~  
22 ~~sales alternative; and~~

23 ~~(9) the cost and project time estimates for~~  
24 ~~implementation, including adaptation of existing Lottery~~  
25 ~~machines, programming, and technology enhancements and~~  
26 ~~impact to operations.~~

1       ~~The Study Committee shall consist of the Director or his or~~  
2 ~~her designee; the chief executive officer of the Lottery's~~  
3 ~~private manager or his or her designee; a representative~~  
4 ~~appointed by the Governor's Office; 2 representatives of the~~  
5 ~~lottery licensee community appointed by the Director; one~~  
6 ~~representative of a statewide association representing food~~  
7 ~~retailers appointed by the Director; and one representative of~~  
8 ~~a statewide association representing retail merchants~~  
9 ~~appointed by the Director.~~

10       ~~Members of the Study Committee shall be appointed within 30~~  
11 ~~days after the effective date of this amendatory Act of the~~  
12 ~~97th General Assembly. No later than 6 months after the~~  
13 ~~effective date of this amendatory Act of the 97th General~~  
14 ~~Assembly, the Department shall provide to the members of the~~  
15 ~~Study Committee the proposed findings and recommendations of~~  
16 ~~the study in order to solicit input from the Study Committee.~~  
17 ~~Within 30 calendar days thereafter, the Study Committee shall~~  
18 ~~convene a meeting of the members to discuss the proposed~~  
19 ~~findings and recommendations of the study. No later than 15~~  
20 ~~calendar days after meeting, the Study Committee shall submit~~  
21 ~~to the Department any written changes, additions, or~~  
22 ~~corrections the Study Committee wishes the Department to make~~  
23 ~~to the study. The Department shall consider the propriety of~~  
24 ~~and respond to each change, addition, or correction offered by~~  
25 ~~the Study Committee in the study. The Department shall also set~~  
26 ~~forth any such change, addition, or correction offered by~~

1 ~~members of the Study Committee and the Department's responses~~  
2 ~~thereto in the appendix to the study. No later than 15 calendar~~  
3 ~~days after receiving the changes, additions, or corrections~~  
4 ~~offered by the Study Committee, the Department shall deliver~~  
5 ~~copies of the final study and appendices, if any, to the~~  
6 ~~Governor, President of the Senate, Minority Leader of the~~  
7 ~~Senate, Speaker of the House of Representatives, Minority~~  
8 ~~Leader of the House of Representatives, and each of the members~~  
9 ~~of the Study Committee.~~

10 (Source: P.A. 97-464, eff. 10-15-11; 97-1121, eff. 8-27-12;  
11 98-499, eff. 8-16-13.)

12 Section 99. Effective date. This Act takes effect upon  
13 becoming law.