



Sen. Terry Link

Filed: 5/25/2016

09900SB0304sam001

LRB099 03220 AMC 49105 a

1 AMENDMENT TO SENATE BILL 304

2 AMENDMENT NO. _____. Amend Senate Bill 304 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Video Gaming Act is amended by changing
5 Sections 5, 25, 30, 45, and 60 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 "Electronic card" means a card purchased from a licensed

1 establishment, licensed fraternal establishment, licensed
2 veterans establishment, or licensed truck stop establishment
3 for use in that establishment as a substitute for cash in the
4 conduct of gaming on a video gaming terminal.

5 "Electronic voucher" means a voucher printed by an
6 electronic video game machine that is redeemable in the
7 licensed establishment for which it was issued.

8 "Terminal operator" means an individual, partnership,
9 corporation, or limited liability company that is licensed
10 under this Act and that owns, services, and maintains video
11 gaming terminals for placement in licensed establishments,
12 licensed truck stop establishments, licensed fraternal
13 establishments, or licensed veterans establishments.

14 "Licensed technician" means an individual who is licensed
15 under this Act to repair, service, and maintain video gaming
16 terminals.

17 "Licensed terminal handler" means a person, including but
18 not limited to an employee or independent contractor working
19 for a manufacturer, distributor, supplier, technician, or
20 terminal operator, who is licensed under this Act to possess or
21 control a video gaming terminal or to have access to the inner
22 workings of a video gaming terminal. A licensed terminal
23 handler does not include an individual, partnership,
24 corporation, or limited liability company defined as a
25 manufacturer, distributor, supplier, technician, or terminal
26 operator under this Act.

1 "Manufacturer" means an individual, partnership,
2 corporation, or limited liability company that is licensed
3 under this Act and that manufactures or assembles video gaming
4 terminals.

5 "Supplier" means an individual, partnership, corporation,
6 or limited liability company that is licensed under this Act to
7 supply major components or parts to video gaming terminals to
8 licensed terminal operators.

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

11 "Video gaming terminal" means any electronic video game
12 machine that, upon insertion of cash, electronic cards or
13 vouchers, or any combination thereof, is available to play or
14 simulate the play of a video game, including but not limited to
15 video poker, line up, and blackjack, as authorized by the Board
16 utilizing a video display and microprocessors in which the
17 player may receive free games or credits that can be redeemed
18 for cash. The term does not include a machine that directly
19 dispenses coins, cash, or tokens or is for amusement purposes
20 only.

21 "Licensed establishment" means any licensed retail
22 establishment where alcoholic liquor is drawn, poured, mixed,
23 or otherwise served for consumption on the premises, whether
24 the establishment operates on a nonprofit or for-profit basis.

25 "Licensed establishment" includes any such establishment that
26 has a contractual relationship with an inter-track wagering

1 location licensee licensed under the Illinois Horse Racing Act
2 of 1975, provided any contractual relationship shall not
3 include any transfer or offer of revenue from the operation of
4 video gaming under this Act to any licensee licensed under the
5 Illinois Horse Racing Act of 1975. Provided, however, that the
6 licensed establishment that has such a contractual
7 relationship with an inter-track wagering location licensee
8 may not, itself, be (i) an inter-track wagering location
9 licensee, (ii) the corporate parent or subsidiary of any
10 licensee licensed under the Illinois Horse Racing Act of 1975,
11 or (iii) the corporate subsidiary of a corporation that is also
12 the corporate parent or subsidiary of any licensee licensed
13 under the Illinois Horse Racing Act of 1975. "Licensed
14 establishment" does not include a facility operated by an
15 organization licensee, an inter-track wagering licensee, or an
16 inter-track wagering location licensee licensed under the
17 Illinois Horse Racing Act of 1975 or a riverboat licensed under
18 the Riverboat Gambling Act, except as provided in this
19 paragraph. The changes made to this definition by Public Act
20 98-587 are declarative of existing law.

21 "Licensed fraternal establishment" means the location
22 where a qualified fraternal organization that derives its
23 charter from a national fraternal organization regularly
24 meets.

25 "Licensed veterans establishment" means the location where
26 a qualified veterans organization that derives its charter from

1 a national veterans organization regularly meets.

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

12 "Licensed operator/establishment" means an individual,
13 partnership, corporation, or limited liability company that
14 meets the requirements to be licensed under this Act as a
15 terminal operator and owns or operates one or more
16 establishment that meets the requirements to be licensed under
17 this Act as a licensed establishment, licensed veterans
18 establishment, licensed truck stop establishment, or licensed
19 fraternal establishment.

20 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13;
21 98-582, eff. 8-27-13; 98-587, eff. 8-27-13; 98-756, eff.
22 7-16-14.)

23 (230 ILCS 40/25)

24 Sec. 25. Restriction of licensees.

25 (a) Manufacturer. A person may not be licensed as a

1 manufacturer of a video gaming terminal in Illinois unless the
2 person has a valid manufacturer's license issued under this
3 Act. A manufacturer may only sell video gaming terminals for
4 use in Illinois to persons having a valid distributor's
5 license.

6 (b) Distributor. A person may not sell, distribute, or
7 lease or market a video gaming terminal in Illinois unless the
8 person has a valid distributor's license issued under this Act.
9 A distributor may only sell video gaming terminals for use in
10 Illinois to persons having a valid distributor's or terminal
11 operator's license.

12 (c) Terminal operator. A person may not own, maintain, or
13 place a video gaming terminal unless he has a valid terminal
14 operator's license issued under this Act. A terminal operator
15 may only place video gaming terminals for use in Illinois in
16 licensed establishments, licensed truck stop establishments,
17 licensed fraternal establishments, and licensed veterans
18 establishments. No terminal operator may give anything of
19 value, including but not limited to a loan or financing
20 arrangement, to a licensed establishment, licensed truck stop
21 establishment, licensed fraternal establishment, or licensed
22 veterans establishment as any incentive or inducement to locate
23 video terminals in that establishment. Of the after-tax profits
24 from a video gaming terminal, 50% shall be paid to the terminal
25 operator and 50% shall be paid to the licensed establishment,
26 licensed truck stop establishment, licensed fraternal

1 establishment, or licensed veterans establishment,
2 notwithstanding any agreement to the contrary. A video terminal
3 operator that violates one or more requirements of this
4 subsection is guilty of a Class 4 felony and is subject to
5 termination of his or her license by the Board.

6 (d) Licensed technician. A person may not service,
7 maintain, or repair a video gaming terminal in this State
8 unless he or she (1) has a valid technician's license issued
9 under this Act, (2) is a terminal operator, or (3) is employed
10 by a terminal operator, distributor, or manufacturer.

11 (d-5) Licensed terminal handler. No person, including, but
12 not limited to, an employee or independent contractor working
13 for a manufacturer, distributor, supplier, technician, or
14 terminal operator licensed pursuant to this Act, shall have
15 possession or control of a video gaming terminal, or access to
16 the inner workings of a video gaming terminal, unless that
17 person possesses a valid terminal handler's license issued
18 under this Act.

19 (e) Licensed establishment. No video gaming terminal may be
20 placed in any licensed establishment, licensed veterans
21 establishment, licensed truck stop establishment, or licensed
22 fraternal establishment unless the owner or agent of the owner
23 of the licensed establishment, licensed veterans
24 establishment, licensed truck stop establishment, or licensed
25 fraternal establishment has entered into a written use
26 agreement with the terminal operator for placement of the

1 terminals. A copy of the use agreement shall be on file in the
2 terminal operator's place of business and available for
3 inspection by individuals authorized by the Board. The written
4 use agreement requirement of this subsection (e) does not apply
5 to the placement of terminals in an establishment owned or
6 operated by a licensed operator/establishment. A licensed
7 establishment, licensed truck stop establishment, licensed
8 veterans establishment, ~~or~~ licensed fraternal establishment,
9 or an establishment owned or operated by a licensed
10 operator/establishment may operate up to 5 video gaming
11 terminals on its premises at any time.

12 (e-5) Licensed operator/establishment. No individual,
13 partnership, corporation, or limited liability company may
14 perform the functions of a terminal operator at an
15 establishment that the individual, partnership, corporation,
16 or limited liability company owns or operates unless the
17 individual, partnership, corporation, or limited liability
18 company is licensed as an licensed operator/establishment
19 under this Act. An operator/establishment licensee may not act
20 as a terminal operator for establishments other than that for
21 which the operator/establishment is licensed. Except as
22 specifically exempted, a licensed operator/establishment is
23 subject to the provisions of this Act concerning terminal
24 operators and the establishment for which the
25 operator/establishment is licensed.

26 (f) (Blank).

1 (g) Financial interest restrictions. As used in this Act,
2 "substantial interest" in a partnership, a corporation, an
3 organization, an association, a business, or a limited
4 liability company means:

5 (A) When, with respect to a sole proprietorship, an
6 individual or his or her spouse owns, operates, manages, or
7 conducts, directly or indirectly, the organization,
8 association, or business, or any part thereof; or

9 (B) When, with respect to a partnership, the individual
10 or his or her spouse shares in any of the profits, or
11 potential profits, of the partnership activities; or

12 (C) When, with respect to a corporation, an individual
13 or his or her spouse is an officer or director, or the
14 individual or his or her spouse is a holder, directly or
15 beneficially, of 5% or more of any class of stock of the
16 corporation; or

17 (D) When, with respect to an organization not covered
18 in (A), (B) or (C) above, an individual or his or her
19 spouse is an officer or manages the business affairs, or
20 the individual or his or her spouse is the owner of or
21 otherwise controls 10% or more of the assets of the
22 organization; or

23 (E) When an individual or his or her spouse furnishes
24 5% or more of the capital, whether in cash, goods, or
25 services, for the operation of any business, association,
26 or organization during any calendar year; or

1 (F) When, with respect to a limited liability company,
2 an individual or his or her spouse is a member, or the
3 individual or his or her spouse is a holder, directly or
4 beneficially, of 5% or more of the membership interest of
5 the limited liability company.

6 For purposes of this subsection (g), "individual" includes
7 all individuals or their spouses whose combined interest would
8 qualify as a substantial interest under this subsection (g) and
9 whose activities with respect to an organization, association,
10 or business are so closely aligned or coordinated as to
11 constitute the activities of a single entity.

12 (h) Location restriction. A licensed establishment,
13 licensed truck stop establishment, licensed fraternal
14 establishment, or licensed veterans establishment that is (i)
15 located within 1,000 feet of a facility operated by an
16 organization licensee licensed under the Illinois Horse Racing
17 Act of 1975 or the home dock of a riverboat licensed under the
18 Riverboat Gambling Act or (ii) located within 100 feet of a
19 school or a place of worship under the Religious Corporation
20 Act, is ineligible to operate a video gaming terminal. The
21 location restrictions in this subsection (h) do not apply if
22 (A) a facility operated by an organization licensee, a school,
23 or a place of worship moves to or is established within the
24 restricted area after a licensed establishment, licensed truck
25 stop establishment, licensed fraternal establishment, or
26 licensed veterans establishment becomes licensed under this

1 Act or (B) a school or place of worship moves to or is
2 established within the restricted area after a licensed
3 establishment, licensed truck stop establishment, licensed
4 fraternal establishment, or licensed veterans establishment
5 obtains its original liquor license. For the purpose of this
6 subsection, "school" means an elementary or secondary public
7 school, or an elementary or secondary private school registered
8 with or recognized by the State Board of Education.

9 Notwithstanding the provisions of this subsection (h), the
10 Board may waive the requirement that a licensed establishment,
11 licensed truck stop establishment, licensed fraternal
12 establishment, or licensed veterans establishment not be
13 located within 1,000 feet from a facility operated by an
14 organization licensee licensed under the Illinois Horse Racing
15 Act of 1975 or the home dock of a riverboat licensed under the
16 Riverboat Gambling Act. The Board shall not grant such waiver
17 if there is any common ownership or control, shared business
18 activity, or contractual arrangement of any type between the
19 establishment and the organization licensee or owners licensee
20 of a riverboat. The Board shall adopt rules to implement the
21 provisions of this paragraph.

22 (i) Undue economic concentration. In addition to
23 considering all other requirements under this Act, in deciding
24 whether to approve the operation of video gaming terminals by a
25 terminal operator in a location, the Board shall consider the
26 impact of any economic concentration of such operation of video

1 gaming terminals. The Board shall not allow a terminal operator
2 to operate video gaming terminals if the Board determines such
3 operation will result in undue economic concentration. For
4 purposes of this Section, "undue economic concentration" means
5 that a terminal operator would have such actual or potential
6 influence over video gaming terminals in Illinois as to:

7 (1) substantially impede or suppress competition among
8 terminal operators;

9 (2) adversely impact the economic stability of the
10 video gaming industry in Illinois; or

11 (3) negatively impact the purposes of the Video Gaming
12 Act.

13 The Board shall adopt rules concerning undue economic
14 concentration with respect to the operation of video gaming
15 terminals in Illinois. The rules shall include, but not be
16 limited to, (i) limitations on the number of video gaming
17 terminals operated by any terminal operator within a defined
18 geographic radius and (ii) guidelines on the discontinuation of
19 operation of any such video gaming terminals the Board
20 determines will cause undue economic concentration.

21 (j) The provisions of the Illinois Antitrust Act are fully
22 and equally applicable to the activities of any licensee under
23 this Act.

24 (Source: P.A. 97-333, eff. 8-12-11; 98-31, eff. 6-24-13; 98-77,
25 eff. 7-15-13; 98-112, eff. 7-26-13; 98-756, eff. 7-16-14.)

1 (230 ILCS 40/30)

2 Sec. 30. Multiple types of licenses prohibited. A video
3 gaming terminal manufacturer may not be licensed as a video
4 gaming terminal operator or own, manage, or control a licensed
5 establishment, licensed truck stop establishment, licensed
6 fraternal establishment, or licensed veterans establishment,
7 and shall be licensed to sell only to persons having a valid
8 distributor's license or, if the manufacturer also holds a
9 valid distributor's license, to sell, distribute, lease, or
10 market to persons having a valid terminal operator's license. A
11 video gaming terminal distributor may not be licensed as a
12 video gaming terminal operator or own, manage, or control a
13 licensed establishment, licensed truck stop establishment,
14 licensed fraternal establishment, or licensed veterans
15 establishment, and shall only contract with a licensed terminal
16 operator. A video gaming terminal operator may not be licensed
17 as a video gaming terminal manufacturer or distributor or own,
18 manage, or control a licensed establishment, licensed truck
19 stop establishment, licensed fraternal establishment, or
20 licensed veterans establishment, and shall be licensed only to
21 contract with licensed distributors and licensed
22 establishments, licensed truck stop establishments, licensed
23 fraternal establishments, and licensed veterans
24 establishments. An owner or manager of a licensed
25 establishment, licensed truck stop establishment, licensed
26 fraternal establishment, or licensed veterans establishment

1 may not be licensed as a video gaming terminal manufacturer,
2 distributor, or operator, and shall only contract with a
3 licensed operator to place and service this equipment. A
4 terminal operator or a licensed establishment, licensed truck
5 stop establishment, licensed fraternal establishment, or
6 licensed veterans establishment may also be licensed as a
7 licensed operator/establishment. A licensed
8 operator/establishment may not be licensed as a video gaming
9 terminal manufacturer or distributor.

10 (Source: P.A. 96-34, eff. 7-13-09; 96-1410, eff. 7-30-10.)

11 (230 ILCS 40/45)

12 Sec. 45. Issuance of license.

13 (a) The burden is upon each applicant to demonstrate his
14 suitability for licensure. Each video gaming terminal
15 manufacturer, distributor, supplier, operator, handler,
16 licensed establishment, licensed truck stop establishment,
17 licensed fraternal establishment, and licensed veterans
18 establishment shall be licensed by the Board. The Board may
19 issue or deny a license under this Act to any person pursuant
20 to the same criteria set forth in Section 9 of the Riverboat
21 Gambling Act.

22 (a-5) The Board shall not grant a license to a person who
23 has facilitated, enabled, or participated in the use of
24 coin-operated devices for gambling purposes or who is under the
25 significant influence or control of such a person. For the

1 purposes of this Act, "facilitated, enabled, or participated in
2 the use of coin-operated amusement devices for gambling
3 purposes" means that the person has been convicted of any
4 violation of Article 28 of the Criminal Code of 1961 or the
5 Criminal Code of 2012. If there is pending legal action against
6 a person for any such violation, then the Board shall delay the
7 licensure of that person until the legal action is resolved.

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

25 (c) Each person seeking and possessing a license as a video
26 gaming terminal manufacturer, distributor, supplier, operator,

1 handler, licensed establishment, licensed truck stop
2 establishment, licensed fraternal establishment, or licensed
3 veterans establishment shall disclose the identity of every
4 person, association, trust, corporation, or limited liability
5 company having a greater than 1% direct or indirect pecuniary
6 interest in the video gaming terminal operation for which the
7 license is sought. If the disclosed entity is a trust, the
8 application shall disclose the names and addresses of the
9 beneficiaries; if a corporation, the names and addresses of all
10 stockholders and directors; if a limited liability company, the
11 names and addresses of all members; or if a partnership, the
12 names and addresses of all partners, both general and limited.

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

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

23 (2) create or enhance the dangers of unsuitable,
24 unfair, or illegal practices, methods, and activities in
25 the conduct of video gaming; or

26 (3) present questionable business practices and

1 financial arrangements incidental to the conduct of video
2 gaming activities.

3 (e) Any applicant for any license under this Act has the
4 burden of proving his or her qualifications to the satisfaction
5 of the Board. The Board may adopt rules to establish additional
6 qualifications and requirements to preserve the integrity and
7 security of video gaming in this State.

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

- 11 (1) Manufacturer \$5,000
- 12 (2) Distributor..... \$5,000
- 13 (3) Terminal operator..... \$5,000
- 14 (4) Supplier \$2,500
- 15 (5) Technician \$100
- 16 (6) Terminal Handler \$50
- 17 (7) Operator/Establishment \$5,000

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

- 20 (1) Manufacturer \$10,000
- 21 (2) Distributor..... \$10,000
- 22 (3) Terminal operator..... \$5,000
- 23 (4) Supplier \$2,000
- 24 (5) Technician \$100
- 25 (6) Licensed establishment, licensed truck stop
26 establishment, licensed fraternal establishment,

1	or licensed veterans establishment	\$100
2	(7) Video gaming terminal.....	\$100
3	(8) Terminal Handler	\$50
4	<u>(9) Operator/Establishment</u>	<u>\$250,000</u>

5 (h) A terminal operator and a licensed establishment,
6 licensed truck stop establishment, licensed fraternal
7 establishment, or licensed veterans establishment shall
8 equally split the fees specified in item (7) of subsection (g).
9 (Source: P.A. 97-1150, eff. 1-25-13; 98-31, eff. 6-24-13;
10 98-587, eff. 8-27-13; 98-756, eff. 7-16-14.)

11 (230 ILCS 40/60)

12 Sec. 60. Imposition and distribution of tax.

13 (a) A tax of 30% is imposed on net terminal income and
14 shall be collected by the Board.

15 (a-5) In addition to the tax imposed under subsection (a)
16 of this Section, an additional tax of 2.5% is imposed on net
17 terminal income from video gaming terminals operated by a
18 licensed operator/establishment and shall be collected by the
19 Board.

20 (b) Of the tax collected under subsection (a) of this
21 Section, five-sixths shall be deposited into the Capital
22 Projects Fund and one-sixth shall be deposited into the Local
23 Government Video Gaming Distributive Fund. The tax collected
24 under subsection (a-5) of this Section shall be deposited into
25 the Capital Projects Fund.

1 (c) Revenues generated from the play of video gaming
2 terminals shall be deposited by the terminal operator, who is
3 responsible for tax payments, in a specially created, separate
4 bank account maintained by the video gaming terminal operator
5 to allow for electronic fund transfers of moneys for tax
6 payment.

7 (d) Each licensed establishment, licensed truck stop
8 establishment, licensed fraternal establishment, and licensed
9 veterans establishment shall maintain an adequate video gaming
10 fund, with the amount to be determined by the Board.

11 (e) The State's percentage of net terminal income shall be
12 reported and remitted to the Board within 15 days after the
13 15th day of each month and within 15 days after the end of each
14 month by the video terminal operator. A video terminal operator
15 who falsely reports or fails to report the amount due required
16 by this Section is guilty of a Class 4 felony and is subject to
17 termination of his or her license by the Board. Each video
18 terminal operator shall keep a record of net terminal income in
19 such form as the Board may require. All payments not remitted
20 when due shall be paid together with a penalty assessment on
21 the unpaid balance at a rate of 1.5% per month.

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