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Filed: 5/24/2016

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LRB099 03069 AMC 48913 a

1 AMENDMENT TO SENATE BILL 513

2 AMENDMENT NO. _____. Amend Senate Bill 513, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

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

7 (20 ILCS 1605/7.12)

8 Sec. 7.12. Internet ~~pilot~~ program.

9 (a) The General Assembly finds that:

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

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

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

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

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

23 The Department may offer Lotto, Lucky Day Lotto, Mega
24 Millions, Powerball, Pick 3, Pick 4, and other draw games that
25 are offered at retail locations, as well as interactive instant
26 win games, through the Internet program. The private manager

1 shall obtain the Director's approval before providing any draw
2 games or interactive instant win games and must submit the
3 following information with the Director: the rationale for
4 introducing the draw games or interactive instant win games,
5 the consumer research on the target market, and the amount of
6 net profit that is expected. Any games that are approved for
7 sale by Lottery retail licensees are automatically approved for
8 sale on the Internet.

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

17 ~~The Department is obligated to implement the pilot program~~
18 ~~set forth in this Section and Sections 7.15 and 7.16 only at~~
19 ~~such time, and to such extent, that the Department of Justice~~
20 ~~does not object to the implementation of the program within a~~
21 ~~reasonable period of time after its review. While the Illinois~~
22 ~~Lottery may only offer Lotto, Mega Millions, and Powerball~~
23 ~~games through the pilot program, the Department shall request~~
24 ~~review from the federal Department of Justice for the Illinois~~
25 ~~Lottery to sell lottery tickets on the Internet on behalf of~~
26 ~~the State of Illinois that are not limited to just these games.~~

1 The Department shall authorize the private manager to
2 implement and administer the program pursuant to the management
3 agreement entered into under Section 9.1 and in a manner
4 consistent with the provisions of this Section. If a private
5 manager has not been selected pursuant to Section 9.1 at the
6 time the Department is obligated to implement the ~~pilot~~ program
7 or has been terminated pursuant to Section 9.1, then the
8 Department shall not proceed with offering Lucky Day Lotto,
9 Pick 3, Pick 4, other draw games, or interactive instant win
10 games under the ~~pilot~~ program until after the selection of a
11 ~~the~~ private manager, at which time the Department shall
12 authorize the private manager to implement and administer the
13 program pursuant to the management agreement entered into under
14 Section 9.1 and in a manner consistent with the provisions of
15 this Section. The Department may continue offering Lotto, Mega
16 Millions, and Powerball prior to the selection of a private
17 manager.

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

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

1 Powerball, Lucky Day Lotto, Pick 3, or Pick 4 games by a
2 lottery licensee pursuant to the Department's rules.

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

24 ~~To the fullest extent possible, but subject to available~~
25 ~~resources, the Department shall ensure that the study evaluates~~
26 ~~and analyzes at least the following issues:~~

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

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

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

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

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

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

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

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

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

26 ~~The Study Committee shall consist of the Director or his or~~

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

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

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

9 (d) The private manager or an entity affiliated with the
10 private manager may directly provide either, but not both, of
11 the following: (i) lottery retailer terminals and services or
12 (ii) internet lottery games, including related system
13 infrastructure and management services. The private manager is
14 authorized to enter into agreements with any person or entity
15 to provide either of these functions, subject to the approval
16 of the Department. The Department and the private manager shall
17 provide the necessary interface access to any person or entity
18 that is selected to offer for purchase lottery tickets or
19 shares on the Internet.

20 (e) Notwithstanding any provision of law to the contrary,
21 this amendatory Act of the 99th General Assembly does not
22 authorize the Department to offer a draw game or interactive
23 instant win game that is substantially similar to any game that
24 is contained in the Illinois Gaming Board Administrator's list
25 of approved games pursuant to 86 Ill. Adm. Code 3000.605 on the
26 effective date of this amendatory Act of the 99th General

1 Assembly.

2 (f) No later than December 31 of each year, the private
3 manager shall prepare and submit an annual report, covering the
4 previous fiscal year, to the General Assembly regarding the
5 performance of the Internet program and the Department. This
6 report shall include, but is not limited to, the following:

7 (1) the total number of Internet sales and profits;

8 (2) the total number of subscribers, along with
9 information concerning the age, gender, and ethnicity of
10 subscribers;

11 (3) the average spend per Internet session;

12 (4) the effectiveness of age and geographic controls;

13 (5) the impact of the Internet program on illegal
14 gambling and an evaluation of Internet sales on problem
15 gambling;

16 (6) the total number of transfers in and out of State
17 funds; and

18 (7) the total number of vendors, employees, and other
19 personnel utilized by the Department and private manager.

20 (Source: P.A. 97-464, eff. 10-15-11; 97-1121, eff. 8-27-12;
21 98-499, eff. 8-16-13.)

22 Section 99. Effective date. This Act takes effect upon
23 becoming law."