



SENATE JOURNAL

STATE OF ILLINOIS

NINETY-EIGHTH GENERAL ASSEMBLY

19TH LEGISLATIVE DAY

WEDNESDAY, MARCH 6, 2013

10:05 O'CLOCK A.M.

SENATE
Daily Journal Index
19th Legislative Day

Action	Page(s)
Budget Address	9
Communication from the Minority Leader.....	6
Joint Session.....	9
Legislative Measure(s) Filed	4, 175, 176
Message from the House	8, 20
Message from the President	4, 5
Presentation of Senate Joint Resolution No. 25	3
Presentation of Senate Resolution No. 146	18
Presentation of Senate Resolutions No'd. 144-145	4
Report from Assignments Committee	6, 7
Report from Standing Committee(s)	3, 17
Report(s) Received.....	3

Bill Number	Legislative Action	Page(s)
SB 1739	Second Reading	25
SJR 0025	Committee on Assignments.....	3
SR 0146	Committee on Assignments	18
HB 0167	First Reading	175
HB 0958	First Reading	175
HB 1309	First Reading	175
HB 1311	First Reading	175
HB 1560	Second Reading.....	175

The Senate met pursuant to adjournment.
 Senator James F. Clayborne, Belleville, Illinois, presiding.
 Prayer by Pastor John Standard, Springfield Bible Church, Springfield, Illinois.
 Senator Jacobs led the Senate in the Pledge of Allegiance.

Senator Hunter moved that reading and approval of the Journal of Tuesday, March 5, 2013, be postponed, pending arrival of the printed Journal.
 The motion prevailed.

REPORTS RECEIVED

The Secretary placed before the Senate the following reports:

Report Pursuant to Public Act 87-552 (Flex time), submitted by the Illinois Commerce Commission.

Report Pursuant to Public Act 87-552 (Flex time), submitted by the Illinois State Police.

Business Information Center Calendar Year 2012 Report, submitted by the Department of Commerce and Economic Opportunity.

2012 Angel Investment Program, submitted by the Department of Commerce and Economic Opportunity.

The foregoing reports were ordered received and placed on file in the Secretary's Office.

PRESENTATION OF RESOLUTION

Senator Muñoz offered the following Senate Joint Resolution, which was referred to the Committee on Assignments:

SENATE JOINT RESOLUTION NO. 25

WHEREAS, The State Board of Education has filed its Report on Waiver of School Code Mandates, dated March 1, 2013, with the Senate, the House of Representatives, and the Secretary of State of Illinois as required by Section 2-3.25g of the School Code; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that the General Assembly is encouraged to promptly review and evaluate the Report and determine whether to disapprove, in whole or in part, the Report or any waiver request or appealed request outlined in the Report.

REPORT FROM STANDING COMMITTEES

Senator E. Jones, III, Chairperson of the Committee on Local Government, to which was referred **Senate Bills Numbered 1499, 1795, 1822 and 1824**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Silverstein asked and obtained unanimous consent to recess for the purpose of a Democrat caucus.

[March 6, 2013]

Senator Althoff asked and obtained unanimous consent to recess for the purpose of a Republican caucus.

At the hour of 10:21 o'clock a.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

AFTER RECESS

At the hour of 11:23 o'clock p.m., the Senate resumed consideration of business.
Senator Clayborne, presiding.

LEGISLATIVE MEASURES FILED

The following Committee amendments to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Assignments:

Senate Committee Amendment No. 1 to Senate Bill 202
Senate Committee Amendment No. 1 to Senate Bill 1292
Senate Committee Amendment No. 1 to Senate Bill 1332
Senate Committee Amendment No. 2 to Senate Bill 1659
Senate Committee Amendment No. 1 to Senate Bill 1693
Senate Committee Amendment No. 1 to Senate Bill 1697
Senate Committee Amendment No. 1 to Senate Bill 1739
Senate Committee Amendment No. 1 to Senate Bill 1870
Senate Committee Amendment No. 1 to Senate Bill 1881

PRESENTATION OF RESOLUTIONS

SENATE RESOLUTION NO. 144

Offered by Senator J. Cullerton and all Senators:
Mourns the death of Dawn Clark Netsch.

SENATE RESOLUTION NO. 145

Offered by Senator Murphy and all Senators:
Mourns the death of James H. Reed of Arlington Heights.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

MESSAGES FROM THE PRESIDENT

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

JOHN J. CULLERTON
SENATE PRESIDENT

327 STATE CAPITOL
SPRINGFIELD, IL 62706
217-782-2728

March 6, 2013

Mr. Tim Anderson
Secretary of the Senate
Room 401 State House
Springfield, IL 62706

[March 6, 2013]

Dear Mr. Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Kwame Raoul to temporarily replace Senator Kimberly Lightford as a member of the Senate Executive Committee. This appointment will automatically expire upon adjournment of the Senate Executive Committee

Sincerely,
s/John J. Cullerton
John J. Cullerton
Senate President

cc: Senate Minority Leader Christine Radogno

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

JOHN J. CULLERTON
SENATE PRESIDENT

327 STATE CAPITOL
SPRINGFIELD, IL 62706
217-782-2728

March 6, 2013

Mr. Tim Anderson
Secretary of the Senate
Room 401 State House
Springfield, IL 62706

Dear Mr. Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Dave Koehler to temporarily replace Senator Emil Jones, III, as a member of the Senate Revenue Committee. This appointment will automatically expire upon adjournment of the Senate Revenue Committee

Sincerely,
s/John J. Cullerton
John J. Cullerton
Senate President

cc: Senate Minority Leader Christine Radogno

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

JOHN J. CULLERTON
SENATE PRESIDENT

327 STATE CAPITOL
SPRINGFIELD, IL 62706
217-782-2728

March 6, 2013

Mr. Tim Anderson
Secretary of the Senate
Room 401 State House
Springfield, IL 62706

Dear Mr. Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator John Mulroe to temporarily replace Senator Kimberly Lightford as a member of the Senate Financial Institutions Committee. This appointment will automatically expire upon adjournment of the Senate Financial Institutions Committee

[March 6, 2013]

Sincerely,
s/John J. Cullerton
John J. Cullerton
Senate President

cc: Senate Minority Leader Christine Radogno

COMMUNICATION FROM THE MINORITY LEADER

CHRISTINE RADOGNO
SENATE REPUBLICAN LEADER · 41st DISTRICT

March 6, 2013

Mr. Tim Anderson
Secretary of the Senate
401 State House
Springfield, Illinois 62706

Dear Mr. Secretary:

Pursuant to Senate Rule 3-5(c), I hereby appoint Senator Matt Murphy to temporarily replace Senator Dale Righter as a member of the Senate Committee on Assignments. This appointment is effective immediately and will automatically expire upon adjournment of the Senate Committee on Assignments.

Sincerely,
s/Christine Radogno
Christine Radogno
Senate Republican Leader

cc: Senate President John Cullerton
Assistant Secretary of the Senate Scott Kaiser

At the hour of 11:24 o'clock a.m., the Chair announced that the Senate stand at ease.

AT EASE

At the hour of 11:34 o'clock a.m., the Senate resumed consideration of business.
Senator Sullivan, presiding.

REPORTS FROM COMMITTEE ON ASSIGNMENTS

Senator Clayborne, Chairperson of the Committee on Assignments, during its March 6, 2013 meeting, reported the following Senate Bills have been assigned to the indicated Standing Committees of the Senate:

Criminal Law: **Senate Bill No. 2351.**

Education: **Senate Bills Numbered 574 and 1571.**

Energy: **Senate Bill No. 2192.**

Executive: **Senate Bills Numbered 1514, 1788, 1934, 2368 and 2404.**

Human Services: **Senate Bill No. 1452.**

[March 6, 2013]

Judiciary: **Senate Bills Numbered 1097 and 1443.**

Licensed Activities and Pensions: **Senate Bill No. 2255.**

Revenue: **Senate Bills Numbered 333, 336 and 1159.**

State Government and Veterans Affairs: **Senate Bill No. 204.**

Transportation: **Senate Bill No. 924.**

Senator Clayborne, Chairperson of the Committee on Assignments, during its March 6, 2013 meeting, reported the following Senate Resolutions have been assigned to the indicated Standing Committees of the Senate:

Education: **Senate Joint Resolution No. 25.**

Executive: **Senate Resolution No. 135.**

State Government and Veterans Affairs: **Senate Resolution No. 143.**

Senator Clayborne, Chairperson of the Committee on Assignments, during its March 6, 2013 meeting, reported the following Appointment Messages have been assigned to the indicated Standing Committee of the Senate:

Executive Appointments: **Appointment Messages Numbered 97, 98, 99, 100, 101, 102, 103 and 104.**

Senator Clayborne, Chairperson of the Committee on Assignments, during its March 6, 2013 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

Appropriations I: **Senate Committee Amendment No. 1 to Senate Bill 737.**

Appropriations II: **Senate Committee Amendment No. 1 to Senate Bill 1621.**

Criminal Law: **Senate Committee Amendment No. 1 to Senate Bill 1918.**

Environment: **Senate Committee Amendment No. 1 to Senate Bill 33; Senate Committee Amendment No. 1 to Senate Bill 72.**

Executive: **Senate Committee Amendment No. 1 to Senate Bill 202; Senate Committee Amendment No. 1 to Senate Bill 1659; Senate Committee Amendment No. 2 to Senate Bill 1659; Senate Committee Amendment No. 1 to Senate Bill 1717; Senate Committee Amendment No. 1 to Senate Bill 1739; Senate Committee Amendment No. 1 to Senate Bill 2144.**

Financial Institutions: **Senate Committee Amendment No. 1 to Senate Bill 1674; Senate Committee Amendment No. 1 to Senate Bill 1778.**

Insurance: **Senate Committee Amendment No. 1 to Senate Bill 1630.**

Judiciary: **Senate Committee Amendment No. 1 to Senate Bill 1768; Senate Committee Amendment No. 1 to Senate Bill 2342; Senate Committee Amendment No. 1 to Senate Bill 2384.**

Licensed Activities and Pensions: **Senate Committee Amendment No. 1 to Senate Bill 1217; Senate Floor Amendment No. 1 to Senate Bill 1495; Senate Floor Amendment No. 1 to Senate Bill**

[March 6, 2013]

1496; Senate Floor Amendment No. 2 to Senate Bill 1496; Senate Committee Amendment No. 1 to Senate Bill 1544.

Local Government: **Senate Committee Amendment No. 1 to Senate Bill 2268.**

Revenue: **Senate Committee Amendment No. 1 to Senate Bill 1593; Senate Committee Amendment No. 1 to Senate Bill 1772; Senate Committee Amendment No. 1 to Senate Bill 1894.**

State Government and Veterans Affairs: **Senate Committee Amendment No. 1 to Senate Bill 65; Senate Committee Amendment No. 1 to Senate Bill 1323; Senate Committee Amendment No. 1 to Senate Bill 1376; Senate Committee Amendment No. 1 to Senate Bill 1882; Senate Committee Amendment No. 1 to Senate Bill 2197.**

Transportation: **Senate Committee Amendment No. 1 to Senate Bill 1693; Senate Committee Amendment No. 1 to Senate Bill 1825.**

COMMITTEE MEETING ANNOUNCEMENT

The Chair announced the following committee to meet at 2:00 o'clock p.m.:

Licensed Activities and Pensions in Room 400

MESSAGE FROM THE HOUSE

A message from the House by
Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 14

BE IT RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that the two Houses shall convene in Joint Session on Wednesday, March 06, 2013 at the hour of 12:00 o'clock noon for the purpose of hearing his Excellency Governor Patrick J. Quinn present to the General Assembly his Budget Message for the Fiscal Year 2014, as required by Chapter 15, Section 20/50-5 of the Illinois Compiled Statutes.

Adopted by the House, February 20, 2013.

TIMOTHY D. MAPES, Clerk of the House

By unanimous consent, on motion of Senator Harmon, the foregoing message reporting House Joint Resolution No. 14 was taken up for immediate consideration.

Senator Harmon moved that the Senate concur with the House in the adoption of the resolution.

The motion prevailed.

And the Senate concurred with the House in the adoption of the resolution.

Ordered that the Secretary inform the House of Representatives thereof.

COMMITTEE OF ESCORT

The Chair appointed the following members to the committee of escort to wait upon the Governor: Senators Bush, Cunningham, Hunter, Connelly, and Rose.

[March 6, 2013]

At the hour of 11:43 o'clock a.m., the Chair announced that the Senate stand at recess for the purpose of proceeding to the House of Representatives to meet in a joint session pursuant to House Joint Resolution No. 14.

**JOINT SESSION
11:53 O'CLOCK A.M.**

The hour having arrived, the time heretofore fixed by Joint Resolution adopted by the Senate and the House of Representatives, the Joint Session convened for the purpose of receiving the Governor to deliver his Budget Message for Fiscal Year 2014 in person to the Ninety-Eighth General Assembly. The Senate, preceded by the Honorable President Cullerton and Members of the Senate, appeared in the Hall of the House of Representatives and, by direction of the Speaker, took the seats assigned to them.

The two Houses being convened in Joint Session, President Cullerton of the Senate announced that a quorum of the Senate was present.

Speaker Madigan, of the House of Representatives, announced that a quorum of the House was present.

A majority of each House of the General Assembly being present, the Speaker of the House announced the Joint Session duly formed.

Representative Currie offered the following resolution and moved its adoption.

JOINT SESSION RESOLUTION NO. 2

RESOLVED, That a committee of ten be appointed, five from the House, by the Speaker of the House, and five from the Senate, by the President of the Senate, to wait upon his Excellency Governor Patrick J. Quinn and invite him to address the Joint Assembly.

Representative Luis Arroyo
Representative William Davis
Representative Kenneth Dunkin
Representative Donald Moffitt
Representative Robert Pritchard
Senator Melinda Bush
Senator Bill Cunningham
Senator Mattie Hunter
Senator Michael Connelly
Senator Chapin Rose

Adopted by the House, March 6, 2013.

TIMOTHY D. MAPES, Clerk of the House

The motion prevailed, and the resolution was adopted.

His Excellency Governor Patrick Quinn was admitted into the Hall of the House of Representatives and was presented to the General Assembly to deliver his message in person as follows:

**OFFICE OF GOVERNOR PAT QUINN
FISCAL YEAR 2014 BUDGET**

**Governor Pat Quinn's Fiscal Year 2014 Budget Address
We Must Stop the Bleeding
March 6, 2013 - Remarks as prepared**

[March 6, 2013]

President Cullerton, Speaker Madigan, Leaders Radogno and Cross, Lieutenant Governor Simon, Attorney General Madigan, Secretary White, Comptroller Topinka, Treasurer Rutherford, members of the General Assembly, distinguished guests and fellow citizens of Illinois, good afternoon.

Before I begin, I want to salute one of Illinois' greatest citizens...ever.

Yesterday, we lost a great public servant, Dawn Clark Netsch. Dawn was a champion for equal rights for all people.

As the first woman elected to a state constitutional office in Illinois, Comptroller Netsch blazed a trail for women in public office.

I witnessed firsthand her dedication to honest government when we served together as State Treasurer and Comptroller in the 1990's. Dawn was a straight shooter. She always told the people of Illinois what they needed to know. Throughout her life, Dawn Clark Netsch taught us about the right way to move forward in our democracy.

We are all grateful for her purposeful life.

Ladies and gentlemen, I'm here today to submit our budget for Fiscal Year 2014.

This is the most difficult budget I have ever submitted to you.

But this is also an honest budget that reflects our fiscal challenges...pays down the backlog of bills...and addresses funds that have been under-appropriated for too long. There are no gimmicks or fake numbers in this budget.

This budget holds the line on discretionary spending, while fully meeting our skyrocketing pension obligations.

Inaction on comprehensive pension reform has left our state with less revenue for our most important priorities.

Without pension reform, within two years, Illinois will be spending more on public pensions than on education.

As I said to you a year ago, our state cannot continue on this path.

Pension reform is hard. But we've done hard things before.

Since I took the oath of office four years ago, we've taken many hard steps and enacted many difficult reforms to restore fiscal stability to Illinois.

Reduced spending

Despite the worst recession since the Great Depression and a greater demand for services than ever before, we've reduced spending to historic lows.

Our discretionary spending in this budget is about \$16 billion. We're spending less today on the operations we control than we did six years ago.

Since taking office, I have reduced discretionary spending more than any governor in recent memory.

We've closed and consolidated 54 expensive state facilities to save taxpayers more than \$100 million a year.

And closing those facilities has not only saved money, it was also good policy.

When I took office, Illinois had 1,330 young people in juvenile detention centers. Today we have 857.

[March 6, 2013]

Our community-based rehabilitation strategies are working. They are reducing our juvenile population and helping more young offenders choose a better path.

When I took office, Illinois institutionalized more people with disabilities and mental health challenges than any state in the Union.

Since then, we've closed several institutions.

We've invested more in community care, which provides a better quality of life and more independence for people with disabilities.

Medicaid

Last year, I asked you to work with my administration to restructure our Medicaid program, which was on the brink of collapse.

We got that done, significantly reducing liability for taxpayers. We are moving toward coordinated managed care and lower healthcare costs. And we need to stay the course.

Made efficiencies

In fact, every year since I've taken office, we've taken steps to make our government more efficient and smarter.

That includes not only Medicaid restructuring and fewer state facilities, but also reduced office space.

We've consolidated and eliminated lease space, saving more than \$50 million a year and reducing lease space by more than 2 million square feet.

Under Budgeting for Results, which we passed together in 2010, we carefully review each state agency every year. We ask – what can we do better? What are we doing well? How can we do more with less?

And this week, I'm issuing an Executive Order to officially eliminate or consolidate 75 boards and commissions to increase efficiency.

These boards were either dormant, entirely redundant, or their work had been completed.

New tentative employee contract

And last week, we reached an important contract agreement with our public employees union, AFSCME, which represents 35,000 state employees.

After 15 hard months at the bargaining table, we reached a landmark three-year agreement that will save Illinois taxpayers more than \$900 million in healthcare costs over the life of the contract.

That is unprecedented.

None of the last four gubernatorial administrations were able to achieve this kind of savings for our taxpayers.

Unlike prior administrations, we did not give in. We kept working... and working... and it worked.

This contract is good for our dedicated public employees. And it's good for all the taxpayers of Illinois.

More hard work to do

Budget reductions, facility closures, Medicaid restructuring, and the proposed collective bargaining agreement have all required hard work.

[March 6, 2013]

But each has brought us closer to restoring fiscal stability to Illinois.

And we have more hard work to do.

Pension reform

It won't surprise you that the hard work starts with public pension reform.

On April 14, 2010, I signed into law Senate Bill 1946, which significantly reformed our public pension system for new employees.

This law is creating billions in long-term savings for Illinois taxpayers.

National conservative columnist George Will called that law an "earthquake," a "seismic event."

But that major reform seems like ancient history today. Because as you know, our mission now is to reform our public pensions system for all employees, current and former.

Today, our budget is being squeezed more than ever. And that will continue until we put a stop to it.

The most important thing we can do to repair Illinois' finances right now is to reform our public pension systems.

Last week, in my office, I met with all four legislative leaders: President Cullerton, Speaker Madigan, Leader Radogno, and Leader Cross. And our first item of discussion was pension reform.

Thank you, leaders, for expressing your desire to do something about this crisis.

I've worked with many of you on pension reform over the past year. There have been many good ideas...many proposals...many bills.

Yet there has been no vote on a comprehensive pension reform bill.

I'm ready to sign that bill.

Now, there are fundamental elements that should be part of pension reform.

First, there must be a firm guarantee that the State of Illinois will pay its full pension amount every year. I've done that since I've been governor.

But that did not happen under previous governors and legislatures. They shorted the pension fund and shirked their responsibility. That's why we have a pension crisis today.

As you know, to make up for that failure, we've had to issue two pension obligation notes under my administration. The debt service on these notes will expire in 2020.

Once those notes expire, all of that revenue – nearly \$1 billion annually – should be dedicated to the unfunded pension liability.

In addition, employees should adjust their own contributions to their pensions.

A few weeks ago, I attended the summit called by representatives of public employees. I listened to them.

I was pleased that they volunteered to raise their employee contribution to help resolve the pension crisis. This offer should be part of the solution.

And the State of Illinois as employer should also consider additional solutions to break the gridlock.

[March 6, 2013]

For example, any enhancement that we enact to gaming revenues this year should be dedicated to education, which could include teachers' pensions.

Of course, gaming expansion has to be done right. It must have tough ethical standards, a campaign contribution ban on casino operators, and no loopholes for mobsters.

Finally, we cannot turn to our taxpayers to repair the pension problem.

There should be adjustments to pension benefits to fundamentally resolve this crisis.

These adjustments should include reforms to the pension cost of living adjustment. The COLA is currently 3% compounded annually. That's unsustainable for taxpayers.

For those with higher pensions, the cost of living adjustment should be suspended until the entire pension system achieves better balance.

The basic pension amount that has already been accrued by our current and former employees should not be touched.

But the pension reform solution should include cost of living adjustments going forward.

We all know that we must reform the Illinois public pension system.

So, members of the General Assembly, what are you waiting for?

I know this issue requires a hard vote. But you know that every day you wait to vote on this matter – the problem gets worse.

It is costing taxpayers an additional \$17 million a day. Illinois taxpayers are losing patience with your lack of action.

If I could issue an Executive Order to resolve the pension crisis, I would. And I would have done it a long time ago.

But democracy requires action by the executive branch and the legislative branch. It's time for you to legislate.

So take the vote. Send me a comprehensive pension reform bill. Together, let's move Illinois forward.

Pay the bills

By the way, the hard work ahead isn't just pension reform. It's paying down the backlog of bills caused by decades of fiscal mismanagement.

Over the past four years, we've been able to reduce the amount we owe. By the end of the next fiscal year, we will have reduced the backlog of bills by nearly \$2 billion.

But there's much more work to do.

That's why today I propose a plan to further pay down the state's backlog of bills.

Over the next 12 weeks, we should work together to enact legislation that suspends unnecessary corporate tax loopholes and dedicates the resulting revenue to a new Bill Payment Trust Fund.

For example, we should suspend the Foreign Dividend corporate loophole. We should also join other states that have decoupled from the Federal Production Activities loophole. And we should suspend the Non-Combination Rule that allows big corporations to shift their income to locations outside Illinois. Together, these three loopholes alone cost our treasury about \$445 million per year.

[March 6, 2013]

Suspending corporate loopholes like these until the bills are paid will be good for our vendors and good for our economy.

The more corporate loopholes we suspend, the faster we can pay down our bills. Why should we give costly, ineffective loopholes to some of the biggest and most profitable corporations on earth, when we have bills to pay?

As elected officials, we should also do our part to pay down the bills.

That's why I've reduced my office budget every year since I took office. This year I'm reducing it by another 5% -- and I'm dedicating these savings to pay down the bills.

And I ask our other constitutional officers and the General Assembly to do the same with your office budgets: 5% savings to pay down the bills.

Grow the economy

Of course, the best way to a better budget is to grow our economy.

In the last three years, Illinois has added 167,000 private sector jobs. And Illinois ranks 5th in the nation for recent manufacturing job creation.

Our Illinois Jobs Now! program has paved the way for economic growth. Over the last three years, through this public works initiative, we have built or repaired 6,754 miles of roads and 1,082 bridges. We've laid 3,029 miles of broadband fiber.

And we're building, repairing, or expanding 561 schools – putting thousands of people to work.

To date, we're investing \$294 million in Clean Water projects from Chicago to Murphysboro, which will put hundreds of men and women to work improving our water systems.

And we're ready to do more. Several weeks ago, I signed a bill that you sent me – an additional \$700 million investment this year in our roads and bridges all across Illinois.

The letting process will begin this month on this highway initiative, just in time for the spring construction season.

In addition to our roads and bridges, we'll put our Jump Start initiative back in motion to invest a half billion dollars for public transit in northeastern Illinois.

Public works investments like this will continue to drive our economy forward.

More and more businesses are choosing Illinois to grow and invest.

Site Selection Magazine just completed its national survey, ranking Illinois as the fifth best location in the country for new and expanded corporate facilities.

To promote more economic progress, we also need to move full-speed ahead on implementing the Affordable Care Act.

By doing so, we will create thousands of good health care jobs, even as we extend health coverage to more working people in Illinois.

Thank you, members of the Senate, for voting last week to make sure Illinois reaps the benefits of the Affordable Care Act.

Also, hydraulic fracturing – commonly called fracking – is coming to Illinois, with the strongest environmental regulations in the nation.

[March 6, 2013]

This legislation has the potential to create thousands of jobs in Downstate Illinois.

It will also ensure that our natural resources are protected for future generations.

Let's move forward on this jobs bill this year.

Budget priorities

We've worked to balance our budget, and we're working to grow our economy. But in the meantime, we have the reality of this year's budget.

In the last four years, we have reduced discretionary spending to historic lows. We've made our government leaner and more efficient. But with each year's budget, we've also absorbed reductions that were very difficult.

Skyrocketing pension obligations leave our state with no choice but to continue reductions to our core priorities.

There are significant reductions in this budget that I do not want to make. And that none of you will want to make either.

These reductions are the direct result of the General Assembly's lack of action on public pension reform. Our pension obligations have squeezed out funding for core services. And every day that passes without pension reform, the problem gets worse.

That reality is very clear in the budget I submit today.

But what's also clear are the areas that we've been able to preserve funding, despite the significant pressure of pension costs.

Especially in difficult budgets, we must have priorities.

Early childhood education

That's why I have preserved investment in early childhood education. A child is only four years old once.

Research shows that the achievement gap begins before a child steps foot in kindergarten.

We cannot leave our youngest behind because of a lack of political courage on hard issues...not if we're going to ensure that every child has a chance.

High-quality early childhood education provides one of the highest returns of any public investment – more than \$7 for every dollar spent.

These are tough times... but early childhood education for the youngest among us must be a top priority.

MAP scholarships for college students

I have also preserved investment in MAP scholarships for Illinois college students who are in financial need. Access to higher education is fundamental to a student's earning potential and career path.

The average college graduate makes 75 percent more than the average high school graduate.

And the U.S. Department of Labor estimates that most of the 30 fastest-growing jobs in the nation will require education beyond high school.

Scholarships for needy college students are an investment that Illinois can't afford to cut.

[March 6, 2013]

Veterans

Another area that we can't afford to cut is services for our veterans. It is the duty of all of us on the home front to take good care of those who have borne the battle.

My budget includes increased funding for our Veterans' Homes. This will meet the staffing requirements of the Illinois Nursing Home Care Act that the General Assembly recently enacted.

And it will ensure that we meet the care needs of more than 900 veterans in our Homes who served our nation when we needed them most.

Our budget also preserves funding for our veteran service offices and our healthcare – including mental health care – for our veterans.

Mental health care

In fact, mental health care for all who need it is a top priority. So our budget includes an additional \$25 million investment to improve mental health in Illinois.

Violence

Finally, the prevention of violence is an urgent priority we all share.

Despite difficult reductions elsewhere, this budget supports a comprehensive approach to taking on violence.

Our anti-violence strategy includes early childhood education, after-school programs, intervention initiatives, mentorship, mental health care, jobs, and support for our law enforcement.

Our State Police are part of our battle against violence. That's why our budget supports three new cadet classes for the Illinois State Police.

Our budget also expands ReDeploy, our successful program to reduce crime by repeat offenders.

Through targeted investments in programs like this, we are doing our part to tackle the violence epidemic in Chicago and elsewhere in Illinois.

Now, these are the bright spots...the few priorities we've been able to protect despite hard fiscal reality.

But there are too many priorities that have been cut to the bone due to inaction on pension reform.

This is the most difficult budget Illinois has ever faced.

And it is only a preview of the pain that is to come if this General Assembly does not act decisively on comprehensive pension reform.

I have laid out principles that should guide the reform effort.

And I will continue to work with your leadership and members of this legislature to make pension reform the law of the land.

I stand ready to sign comprehensive pension reform immediately. Today.

But I cannot sign what I do not have on my desk. The people of Illinois need your immediate action.

This year's budget is a tough pill to swallow. But it's only managing the symptoms of a grievous condition that threatens the fiscal health of our state.

If we are to ensure a bright future for the people of Illinois, we must cure this condition. We must enact fundamental pension reform.

And so I ask you...as our greatest president Abraham Lincoln asked in this year's film: "Shall we stop this bleeding?"

[March 6, 2013]

Let's get the job done. Thank you.

At the hour of 12:27 o'clock p.m., President Cullerton moved that the Joint Assembly do now arise. The motion prevailed.

AFTER RECESS

At the hour of 6:33 o'clock p.m., the Senate resumed consideration of business.
Senator Silverstein, presiding.

REPORTS FROM STANDING COMMITTEES

Senator Landek, Chairperson of the Committee on State Government and Veterans Affairs, to which was referred **Senate Bills Numbered 1323, 1353, 1534, 1653, 1670, 1748 and 1779**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Landek, Chairperson of the Committee on State Government and Veterans Affairs, to which was referred **Senate Bill No. 1882**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Martinez, Chairperson of the Committee on Licensed Activities and Pensions, to which was referred **Senate Bills Numbered 1523, 1664 and 1792**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Martinez, Chairperson of the Committee on Licensed Activities and Pensions, to which was referred **Senate Bill No. 1544**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Martinez, Chairperson of the Committee on Licensed Activities and Pensions, to which was referred the following Senate floor amendments, reported that the Committee recommends do adopt:

Senate Amendment No. 1 to Senate Bill 1495
Senate Amendment No. 1 to Senate Bill 1496
Senate Amendment No. 2 to Senate Bill 1496

Under the rules, the foregoing floor amendments are eligible for consideration on second reading.

Senator Haine, Chairperson of the Committee on Insurance, to which was referred **Senate Bills Numbered 1658, 1729 and 1730**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Harmon, Chairperson of the Committee on Executive, to which was referred **Senate Bills Numbered 112, 113, 203, 332, 624, 712, 738, 1342, 1550, 1561, 1603 and 1657**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Harmon, Chairperson of the Committee on Executive, to which was referred **Senate Bills Numbered 202, 1245, 1659 and 1739**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

[March 6, 2013]

Senator Harmon, Chairperson of the Committee on Executive, to which was referred **House Bill No. 1560**, reported the same back with the recommendation that the bill do pass.

Under the rules, the bill was ordered to a second reading.

Senator Hutchinson, Chairperson of the Committee on Revenue, to which was referred **Senate Bills Numbered 1541, 1545, 1595 and 1801**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Hutchinson, Chairperson of the Committee on Revenue, to which was referred **Senate Bills Numbered 1379 and 1772**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Collins, Chairperson of the Committee on Financial Institutions, to which was referred **Senate Bill No. 1812**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Collins, Chairperson of the Committee on Financial Institutions, to which was referred **Senate Bills Numbered 1674 and 1778** reported the same back with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Forby, Chairperson of the Committee on Labor and Commerce, to which was referred **Senate Bill No. 1830**, reported the same back with the recommendation that the bill do pass.

Under the rules, the bill was ordered to a second reading.

PRESENTATION OF RESOLUTION

Senator J. Cullerton offered the following Senate Resolution, which was referred to the Committee on Assignments:

SENATE RESOLUTION NO. 146

WHEREAS, Section 11 of Article V of the Illinois Constitution authorizes the Governor, by Executive Order, to reassign functions among or reorganize executive agencies that are directly responsible to the Governor; and

WHEREAS, Section 4 of the Executive Reorganization Implementation Act sets forth procedures and requirements regarding Executive Orders issued under Section 11 of Article V of the Illinois Constitution; and

WHEREAS, Section 3.2 of the Executive Reorganization Implementation Act provides that a reorganization occurs when, among other things, an Executive Order either transfers "any part of any agency . . . or any part of the functions thereof, to the jurisdiction and control of any other agency" or directs "the consolidation or coordination of . . . any part of any agency or any part of the functions thereof, with the whole or any part of any other agency or the functions thereof"; and

WHEREAS, Section 3.1 of the Executive Reorganization Implementation Act specifies that the term "agency directly responsible to the Governor" includes, subject to limited exceptions, any office, officer, division, or part thereof, and any other office, nonelective officer, department, division, bureau, board, or commission in the executive branch of State government; and

[March 6, 2013]

WHEREAS, The Governor issued Executive Order 12-03, which purports to implement an open operating standard, referred to as Illinois Open Data, and which gives the State Chief Information Officer (CIO) the authority to establish policies and coordinate and manage the implementation of the open operating standard; and

WHEREAS, Executive Order 12-03 was delivered to the Secretary of the Senate and the Clerk of the House of Representatives on September 18, 2012; and

WHEREAS, Because the Governor delivered Executive Order 12-03 to the General Assembly after April 1, that Executive Order is by operation of Section 11 of Article V of the Illinois Constitution deemed to have been delivered on the first day of the next annual session, which was January 9, 2013; and

WHEREAS, The 60-day period for the General Assembly to disapprove Executive Order 12-03 expires on March 10, 2013; and

WHEREAS, By requiring State agencies to adhere to the technical policies and standards developed by the State CIO, Executive Order 12-03 transfers from those agencies to the State CIO certain policy-making functions that are vested in those agencies by statute; and

WHEREAS, By giving the State CIO the authority to coordinate the management of the State's information technology and telecommunications and by requiring State agencies to work with the State CIO to develop a compliance plan, Executive Order 12-03 also transfers from State agencies to the State CIO certain management functions that are vested in those agencies by statute; and

WHEREAS, Section 11 of Article V of the Illinois Constitution requires an Executive Order that proposes a reassignment or reorganization in contravention of a State statute to be delivered to the General Assembly, and it authorizes either house of the General Assembly, by record vote of a majority of the members elected, to disapprove the Executive Order; and

WHEREAS, Because Executive Order 12-03 transfers statutorily vested functions from State agencies to the CIO and permits the CIO to coordinate the management of agency technology resources in contravention of existing statutes, Executive Order 12-03 is hereby deemed a reorganization order that is subject to Article IV, Section 11 of the Illinois Constitution and the Executive Reorganization Implementation Act; and

WHEREAS, the reorganization proposed by Executive Order 12-03 contravenes, among others things, the Department of Central Management Services Law of the Civil Administrative Code of Illinois, the Governor's Office of Management and Budget Act, and the Departments of State Government Law of the Civil Administrative Code of Illinois by delegating to the State CIO functions statutorily assigned to specific State agencies; and

WHEREAS, Executive Order 12-03 fails to provide for the transfer of employees serving under the Personnel Code who are engaged in the performance of a function transferred to the State CIO, in violation of subsection (c) of Section 4 of the Executive Reorganization Implementation Act; and

WHEREAS, Executive Order 12-03 also fails to provide for the transfer or other disposition of personnel records, documents, books, correspondence, and other property both real and personal, affected by the reorganization in violation of subsection (d) of Section 4 of the Executive Reorganization and Implementation Act; and

WHEREAS, Executive Order 12-03 further fails to provide, by a savings clause, for the transfer and continuation of the rules, regulations, and other agency actions affected by the reorganization, in violation of subsection (g) of Section 4 of the Executive Reorganization Implementation Act; and

WHEREAS, Executive Order 12-03 finally fails to enumerate all of the Acts of the General Assembly, which establish the functions affected by the proposed reorganization, in violation of subsection (h) of Section 4 of the Executive Reorganization Implementation Act; and

[March 6, 2013]

WHEREAS, Executive Order 12-03 proposes to reorganize and reassign to the State Chief Information Officer, whose position is not subject to Senate approval, certain policy-making and management functions vested by statute in the Department of Central Management Services, the Governor's Office of Management and Budget, and agency Directors whose appointments are subject to Senate approval, in violation of existing statutory requirements; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that pursuant to Article V, Section 11 of the Illinois Constitution, the Senate hereby disapproves Executive Order 12-03 in its entirety; and be it further

RESOLVED, That Executive Order 12-03 shall not become effective; and be it further

RESOLVED, That copies of this resolution be delivered to the Governor and the Speaker of the House of Representatives.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 1283

A bill for AN ACT concerning public employee benefits.

HOUSE BILL NO. 1309

A bill for AN ACT concerning criminal law.

HOUSE BILL NO. 1402

A bill for AN ACT concerning finance.

Passed the House, March 6, 2013.

TIMOTHY D. MAPES, Clerk of the House

The foregoing **House Bills Numbered 1283, 1309 and 1402** were taken up, ordered printed and placed on first reading.

A message from the House by

Mr. Mapes, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 3

WHEREAS, The Korean War has played an important part in American history; the veterans of the Korean War have earned the respect and admiration of all people; and

WHEREAS, An armed conflict that began in June of 1950 and ended in July of 1953, the Korean War exacted a heavy toll; 33,629 Americans were killed in action and 20,617 died of injuries or disease; and

WHEREAS, The Korean War began when the United Nations urged its members to repel the Communist aggressors in Korea; in July of 1950, the UN Security Council recommended that all member nations contributing to the defense of South Korea make their troops available to a unified command headed by the United States; and

WHEREAS, It is appropriate for us to remember the many sacrifices and contributions to the cause of freedom made by the outstanding men and women who served in the Korean War; and

[March 6, 2013]

WHEREAS, The date of June 25, 2010 commemorates the 60th anniversary of the start of the Korean War; July 17, 2013 will mark the 60th anniversary of the armistice that ended the conflict; and

WHEREAS, William G. Windrich, James I. Poynter, Lester Hammond, John E. Kilmer, Louis J. Seville, William F. Dean, Edward C. Krzyzowski, and Richard G. Wilson, all of whom hailed from Illinois, were awarded the Medal of Honor for their heroic actions during the Korean War; and

WHEREAS, Staff Sergeant William Gordon Windrich was awarded the Medal of Honor posthumously for his outstanding heroism as a platoon sergeant during the Battle of Chosin Reservoir; and

WHEREAS, William Windrich was born on May 14, 1921 in Chicago; he enlisted in the United States Marine Corps Reserve on June 6, 1938, and was ordered to active duty in November of 1940; and

WHEREAS, During World War II, William Windrich spent 20 months overseas in the south and central Pacific as a machine gunner with the 2nd and 5th Defense Battalions; after his discharge in November of 1945, he reenlisted in the United States Marine Corps in February of 1946; and

WHEREAS, At the outbreak of the Korean War, SSgt. Windrich was on military police chief duty at Camp Pendleton in California; he subsequently went overseas with the 1st Provisional Marine Brigade and was among the first Marines to see action in Korea; he also participated in the Inchon landing and in the capture of Seoul; and

WHEREAS, SSgt. Windrich was killed in action the early morning of December 2, 1950, near Yudam-ni, North Korea, during a savage night battle with Chinese communist forces on Hill 1520; he refused to be evacuated, even after being wounded twice, once when a grenade fragment ripped through his helmet and later when he was felled by gunshot wounds in the legs; instead, he directed his men in setting up defensive positions and shouted words of encouragement until he succumbed to his wounds and the bitter cold; and

WHEREAS, The Medal of Honor, the United States' highest award for valor in combat, was presented to SSgt. Windrich's widow by Secretary of the Navy Daniel A. Kimball during ceremonies on February 8, 1952; he is now buried at Arlington National Cemetery; and

WHEREAS, Sergeant James Irsley Poynter was born on December 1, 1916 in Bloomington; he enlisted in the United States Marine Corps in February of 1942; and

WHEREAS, James Poynter fought in the Pacific theatre during World War II and participated in the Guadalcanal, Southern Solomons, Saipan, Tinian, and Okinawa campaigns; he was discharged in February of 1946; and

WHEREAS, At the beginning of the Korean War, Sgt. Poynter re-enlisted in the Marine Corps and joined the Marine Corps Reserve 13th Infantry Battalion in Los Angeles on July 19, 1950; he arrived in Korea in time to aid in the recapture of Seoul after the Inchon landing; and

WHEREAS, Sgt. Poynter was awarded the Bronze Star with Combat "V" for "outstanding leadership, ability and courageous aggressiveness against the enemy" as a squad leader during actions on September 24 to October 4, 1950; and

WHEREAS, On November 4, 1950, Sgt. Poynter served as squad leader of Company A of the 7th Marine Regiment; while defending Hill 532, south of Sudong, Korea, he was wounded in hand-to-hand combat; in spite of his wounds, upon seeing 3 machine guns setting up only 25 yards away, he charged the enemy position with hand grenades from fallen comrades; he was able to take out all 3 machine gun crews by sacrificing his own life; and

WHEREAS, Sgt. Poynter's heroic actions enabled his outnumbered platoon to beat off the enemy assault and move to more defensible positions; he was awarded the Medal of Honor for his actions on November 4, 1950, and was buried with full military honors in Fort Rosecrans National Cemetery in San Diego, California; and

[March 6, 2013]

WHEREAS, Corporal Lester Hammond, Jr. was born on March 25, 1931, in Wayland, Missouri, and entered service in Quincy; he served as a radio operator with Company A of the United States Army's 187th Airborne Regimental Combat Team; and

WHEREAS, Cpl. Hammond was serving with the 187th near Kumhwa, Korea, on August 14, 1952; the combat team had penetrated about 3,500 yards into enemy-held territory when the small American patrol was ambushed and surrounded by a larger enemy force; the team fought its way up a narrow ravine in search of cover; Hammond was wounded during the initial exchange of gunfire, but remained in the open so he could call in artillery fire that helped repulse several enemy attacks; and

WHEREAS, Despite being wounded a second time, Cpl. Hammond continued to direct the artillery fire until a friendly platoon was able to reach his patrol and help them withdraw; Cpl. Hammond died from his injuries, but the members of his patrol owed him their lives for the heroic decisions he made that day; and

WHEREAS, Cpl. Lester Hammond Jr. was awarded the Medal of Honor for valor in combat for his actions on August 14, 1952; after his initial burial in Quincy's Greenmount Cemetery, his casket was moved to Sunset Cemetery at the Illinois Veterans Home in Quincy in 1983; and

WHEREAS, John Edward Kilmer was born on August 15, 1930, in Highland Park; he enlisted in the United States Navy on August 16, 1947 as an apprentice seaman, and attended the Hospital Corps School in San Diego, California; after graduating in April of 1948, he was promoted to the rank of hospitalman apprentice; he was subsequently promoted to the rank of hospitalman on September 1, 1950; and

WHEREAS, Hospitalman Kilmer was assigned to the hospital ship USS Repose (AH-16) when war broke out in Korea; after his enlistment term expired in August of 1951, he soon rejoined the Navy and joined the 3rd Battalion, 7th Marines, Fleet Marine Forces after completing instruction at the Field Medical School at Camp Pendleton, California; and

WHEREAS, On August 12, 1952, Hospitalman Kilmer took part in the attack on "Bunker Hill" in Korea; he attended to the wounded during the battle and was himself mortally wounded after using his body to shield another man from enemy fire; for this action, he was posthumously awarded the Medal of Honor; and

WHEREAS, On June 18, 1953, Hospitalman Kilmer's mother, Lois Kilmer, was presented with her son's Medal of Honor by Secretary of the Navy Robert Bernard Anderson; he was buried in San Jose Burial Park, San Antonio, Texas, with full military honors; and

WHEREAS, Louis Joseph "Lou" Sebille was born on November 21, 1915, in Harbor Beach, Michigan; he attended Wayne State University in Detroit, Michigan; after his graduation, he moved to Chicago in the 1930s; and

WHEREAS, Louis Sebille enlisted in the United States Army Air Corps several days after the December 7, 1941 attack on Pearl Harbor; and

WHEREAS, Louis Sebille flew 68 combat missions during World War II as a B-26 bomber pilot; in the fall of 1948, he became the commanding officer of the 67th Squadron of the 18th Fighter-Bomber Group; after the Korean War began, his squadron was one of the first to be sent to Japan; and

WHEREAS, On August 5, 1950, during a close air support mission, anti-aircraft fire damaged Louis Sebille's F-51; rather than abandon his aircraft, he continued his attack under heavy fire; after his aircraft was again damaged, he dove to his death onto the enemy gun battery; and

WHEREAS, Louis Sebille was formally awarded the Medal of Honor in a ceremony at March Air Force Base in Riverside County, California, in late August of 1951; General Hoyt Vandenberg, the United States Air Force Chief of Staff, presented the medal to Sebille's widowed wife and 19 month old son; Sebille was buried at Forest Home Cemetery in Forest Park with full military honors; and

[March 6, 2013]

WHEREAS, Louis Sebillé was the first person in the Air Force to be awarded the medal since the branch's creation in 1947; only 4 Air Force personnel would win the medal for action during the Korean War, all of them posthumously; and

WHEREAS, William Frishe Dean, Sr. was born on August 1, 1899, in Carlyle; and

WHEREAS, William Dean graduated from the University of California at Berkeley in 1922; after being commissioned as a second lieutenant in the California National Guard in 1921, he was tendered a regular Army commission on October 18, 1923; he was subsequently promoted to brigadier general in 1942 and then to major general in 1943; he later served first as assistant division commander and later as division commander of the 44th Infantry Division; and

WHEREAS, In 1944, while serving in southern Germany and Austria, Major General Dean's troops captured 30,000 prisoners and helped force the surrender of the German 19th Army; he won the Distinguished Service Cross for bravery during that action; and

WHEREAS, In October of 1947, Major General Dean became the military governor of South Korea; in 1948, he took command of the 7th Infantry Division and moved it from Korea to Japan; and

WHEREAS, After serving as chief of staff of the U.S. 8th Army, Major General Dean took command of the 24th Infantry Division, then headquartered at Kokura on the southern Japanese island of Kyushu, in October of 1949; when the Korean War began in June of 1950, the 24th Infantry Division was the first American ground combat unit to be committed; and

WHEREAS, Major General Dean arrived in Korea on July 3, 1950, and established his headquarters at Taejon; his orders were to fight a delaying action against the advancing North Korean People's Army; and

WHEREAS, Although he planned to withdraw from Taejon, Major General Dean was asked by General Walton H. Walker, the commander of the U.S. 8th Army, to hold that city until July 20, 1950, in order to buy time necessary for deploying other American units from Japan; his regiments had been decimated in earlier fighting, and Dean personally led tank killer teams armed with the newly arrived 3.5-inch rocket launchers to destroy the attacking North Korean T-34 tanks; he gained acclaim through exploits such as attacking and destroying an enemy tank armed with only a hand grenade and a handgun; and

WHEREAS, On July 20, 1950, as his division fell back from Taejon, Major General Dean became separated from his men, forcing him to travel alone in the woods around the countryside during the day and traveling at night for over a month; on August 25, 1950, after a hand to hand struggle with 15 North Koreans, he was captured; he remained a POW with the North Koreans until his release on September 4, 1953; and

WHEREAS, In 1951, Congress voted to bestow the Medal of Honor to Major General Dean for his actions during the defense of Taejon; on January 9, 1951, the medal was given to his wife, Mildred Dean, his son, William Dean Jr., and his daughter, Marjorie June Dean, by President Harry Truman; Major General Dean was still reported missing in action in Korea; and

WHEREAS, After the July 27, 1953 Armistice Agreement, Major General Dean remained in North Korea as a prisoner of war for several more months while the armistice was finalized; he was returned to UN forces at Panmunjom during Operation Big Switch on September 4, 1953; and

WHEREAS, Three months after his return from Korea, Major General Dean was assigned as the Deputy Commanding General of the United States 6th Army at the Presidio of San Francisco in California; he held this post for 2 years until his retirement from active duty on October 31, 1955; upon retirement, he was awarded the Combat Infantryman Badge for his front line service in World War II and Korea; and

WHEREAS, Major General Dean lived a quiet life in San Francisco after his retirement, and died on

[March 6, 2013]

August 24, 1981, at the age of 82; he was buried in San Francisco National Cemetery in the Presidio of San Francisco, next to his wife; and

WHEREAS, Edward C. Krzyzowski was born on January 16, 1914, in Chicago; he served as a captain in the United States Army's Company B, 9th Infantry Regiment of the 2nd Infantry Division; and

WHEREAS, Captain Krzyzowski was awarded the Medal of Honor posthumously for his service near Tondul, Korea from August 31 to September 3, 1951; and

WHEREAS, Captain Krzyzowski distinguished himself by conspicuous gallantry and indomitable courage above and beyond the call of duty in action against the enemy as commanding officer of Company B; spearheading an assault against strongly defended Hill 700, his company came under vicious crossfire and grenade attack from enemy bunkers; creeping up the fire-swept hill, he personally eliminated one bunker with his grenades and wiped out a second with carbine fire; forced to retire to more tenable positions for the night, his company resumed the attack the following day, gaining several hundred yards and inflicting numerous casualties; once overwhelmed by the numerically superior hostile force, he ordered his men to evacuate the wounded and move back; providing protective fire for their safe withdrawal, he was wounded again by grenade fragments, but refused evacuation and continued to direct the defense; and

WHEREAS, Captain Krzyzowski was buried with full military honors at Resurrection Catholic Cemetery and Mausoleums in Justice; and

WHEREAS, Richard Gene Wilson was born on August 19, 1931, in Marion; after his junior year, he left high school to join the Army; he enlisted on August 19, 1948, his 17th birthday, and just before leaving for Korea, he married Yvonna Lea Fowler on August 29, 1950; and

WHEREAS, Richard Wilson served in Korea as a private first class with the 187th Airborne Infantry Regiment; on October 21, 1950, he was attached to Company I when the unit was ambushed while conducting a reconnaissance in force mission near Opa-ri; and

WHEREAS, PFC Wilson exposed himself to hostile fire in order to treat the many casualties; when the company began to withdraw, he helped evacuate the wounded; after the withdrawal was complete, he learned that a soldier left behind and believed dead had been spotted trying to crawl to safety; unarmed and against the advice of his comrades, he returned to the ambush site in an attempt to rescue the wounded man; and

WHEREAS, PFC Wilson's body was found 2 days later, lying next to that of the man he had tried to save; for these actions, he was posthumously awarded the Medal of Honor on August 2, 1951; and

WHEREAS, Several U.S. military buildings have been named in PFC Wilson's honor, including the Richard G. Wilson Memorial Gymnasium in the Kanoka Barracks near Osaka, Japan; the Richard G. Wilson U.S. Army Reserve Center in Marion; the PFC Richard G. Wilson Training Barracks at Fort Sam Houston, Texas; the Richard G. Wilson Consolidated Troop Medical Clinic in Fort Leonard Wood, Missouri; and the Wilson Theater in Fort Campbell, Kentucky; among the memorials in his honor are "America's Medical Soldiers, Sailors, and Airmen in Peace and War" by Eloise Engle (1967) and a memorial to Wilson in Cape County Park (1988); other structures named for him include the Richard G. Wilson Elementary School in Fort Benning, Georgia, and a postal distribution center in Cape Girardeau, Missouri; and

WHEREAS, Illinois Route 136 is an east-west road in northwestern Illinois; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that we designate Illinois Route 136 as the Illinois Korean War Medal of Honor Highway in honor of the memory and sacrifices of William G. Windrich, James I. Poynter, Lester Hammond, John E. Kilmer, Louis J. Sebille, William F. Dean, Edward C. Krzyzowski, and Richard G. Wilson; and be it further

RESOLVED, That the Illinois Department of Transportation is requested to erect at suitable locations,

[March 6, 2013]

consistent with State and federal regulations, appropriate plaques or signs giving notice of the name of the Illinois Korean War Medal of Honor Highway; and be it further

RESOLVED, That suitable copies of this resolution be delivered to the Secretary of the Illinois Department of Transportation, the families of William G. Windrich, James I. Poynter, Lester Hammond, John E. Kilmer, Louis J. Seville, William F. Dean, Edward C. Krzyzowski, and Richard G. Wilson, and Hershall E. Lee, KW60 Ambassador of the United States Department of Defense.

Adopted by the House, March 6, 2013.

TIMOTHY D. MAPES, Clerk of the House

The foregoing message from the House of Representatives reporting House Joint Resolution No. 3 was referred to the Committee on Assignments.

READING BILL OF THE SENATE A SECOND TIME

On motion of Senator Link, **Senate Bill No. 1739** having been printed, was taken up, read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1 TO SENATE BILL 1739

AMENDMENT NO. 1. Amend Senate Bill 1739 by replacing everything after the enacting clause with the following:

"ARTICLE 1.

Section 1-1. Short title. This Article may be cited as the Chicago Casino Development Authority Act. References in this Article to "this Act" mean this Article.

Section 1-5. Definitions. As used in this Act:

"Authority" means the Chicago Casino Development Authority created by this Act.

"Casino" means one temporary land-based or water-based facility and one permanent land-based or water-based facility and airport gaming locations pursuant to Section 1-67 of this Act at which lawful gambling is authorized and licensed as provided in the Illinois Gambling Act.

"Casino Board" means the board appointed pursuant to this Act to govern and control the Authority.

"Casino management contract" means a legally binding agreement between the Authority and a casino operator licensee to operate or manage a casino.

"Casino operator licensee" means any person or entity selected by the Authority and approved and licensed by the Gaming Board to manage and operate a casino within the City of Chicago pursuant to a casino management contract.

"City" means the City of Chicago.

"Executive director" means the person appointed by the Casino Board to oversee the daily operations of the Authority.

"Gaming Board" means the Illinois Gaming Board created by the Illinois Gambling Act.

"Mayor" means the Mayor of the City.

Section 1-12. Creation of the Authority. There is hereby created a political subdivision, unit of local government with only the powers authorized by law, body politic, and municipal corporation, by the name and style of the Chicago Casino Development Authority.

Section 1-13. Duties of the Authority. It shall be the duty of the Authority, as an owners licensee under the Illinois Gambling Act, to promote and maintain a casino in the City. The Authority shall own, acquire, construct, lease, equip, and maintain grounds, buildings, and facilities for that purpose. However, the Authority shall contract with a casino operator licensee to manage and operate the casino and in no event shall the Authority or City manage or operate the casino. The Authority may contract pursuant to the procedures set forth in Section 1-115 with other third parties in order to fulfill its

[March 6, 2013]

purpose. The Authority is responsible for the payment of any fees required of a casino operator under subsection (a) of Section 7.8 of the Illinois Gambling Act if the casino operator licensee is late in paying any such fees. The Authority is granted all rights and powers necessary to perform such duties. Subject to the provisions of this Act, the Authority and casino operator licensee are subject to the Illinois Gambling Act and all of the rules of the Gaming Board, which shall be applied to the Authority and the casino operator licensee in a manner consistent with that of other owners licensees under the Illinois Gambling Act.

Section 1-15. Casino Board.

(a) The governing and administrative powers of the Authority shall be vested in a body known as the Chicago Casino Development Board. The Casino Board shall consist of 5 members appointed by the Mayor. One of these members shall be designated by the Mayor to serve as chairperson. All of the members appointed by the Mayor shall be residents of the City.

Each Casino Board appointee shall be subject to a preliminary background investigation completed by the Gaming Board within 30 days after the appointee's submission of his or her application to the Gaming Board. If the Gaming Board determines that there is a substantial likelihood that it will not find the appointee to be suitable to serve on the Casino Board (applying similar standards for suitability to the appointee as the Gaming Board would apply to a member of a board of directors of a corporate owners licensee under the Illinois Gambling Act), then the Gaming Board shall provide a written notice of such determination to the appointee and the Corporation Counsel of the City. If no such notice is delivered with respect to a particular appointee, then commencing on the 31st day following the date of the appointee's submission of his or her application to the Gaming Board, the appointee shall be deemed an acting member of the Casino Board and shall participate as a Casino Board member.

Each appointee shall be subject to a full background investigation and final approval by the Gaming Board prior to the opening of the casino. The Gaming Board shall complete its full background investigation of the Casino Board appointee within 3 months after the date of the appointee's submission of his or her application to the Gaming Board. If the Gaming Board does not complete its background investigation within the 3-month period, then the Gaming Board shall give a written explanation to the appointee, as well as the Mayor, the Governor, the President of the Senate, and the Speaker of the House of Representatives, as to why it has not reached a final determination and set forth a reasonable time when such determination shall be made.

(b) Casino Board members shall receive \$300 for each day the Authority meets and shall be entitled to reimbursement of reasonable expenses incurred in the performance of their official duties. A Casino Board member who serves in the office of secretary-treasurer may also receive compensation for services provided as that officer.

Section 1-20. Terms of appointments; resignation and removal.

(a) The Mayor shall appoint 2 members of the Casino Board for an initial term expiring July 1 of the year following final approval by the Gaming Board, 2 members for an initial term expiring July 1 three years following final approval by the Gaming Board, and one member for an initial term expiring July 1 five years following final approval by the Gaming Board.

(b) All successors shall be appointed by the Mayor to hold office for a term of 5 years from the first day of July of the year in which they are appointed, except in the case of an appointment to fill a vacancy. Each member, including the chairperson, shall hold office until the expiration of his or her term and until his or her successor is appointed and qualified. Nothing shall preclude a member from serving consecutive terms. Any member may resign from office, to take effect when a successor has been appointed and qualified. A vacancy in office shall occur in the case of a member's death or indictment, conviction, or plea of guilty to a felony. A vacancy shall be filled for the unexpired term by the Mayor subject to the approval of the Gaming Board as provided in this Section.

(c) Members of the Casino Board shall serve at the pleasure of the Mayor. The Mayor or the Gaming Board may remove any member of the Casino Board upon a finding of incompetence, neglect of duty, or misfeasance or malfeasance in office or for a violation of this Act. The Gaming Board may remove any member of the Casino Board for any violation of the Illinois Gambling Act or the rules and regulations of the Gaming Board.

(d) No member of the Casino Board shall engage in any political activity. For the purpose of this Section, "political activity" means any activity in support of or in connection with any campaign for federal, State, or local elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, as those terms are defined in Section 2 of the Lobbyist Registration Act, (ii) relating to collective bargaining, or (iii)

that are otherwise in furtherance of the person's official duties or governmental and public service functions.

Section 1-25. Organization of Casino Board; meetings. After appointment by the Mayor, the Casino Board shall organize for the transaction of business, provided that the Casino Board shall not take any formal action until after the Gaming Board has completed its preliminary background investigation of at least a quorum of the Casino Board as provided in subsection (a) of Section 1-15. The Casino Board shall prescribe the time and place for meetings, the manner in which special meetings may be called, and the notice that must be given to members. All actions and meetings of the Casino Board shall be subject to the provisions of the Open Meetings Act. Three members of the Casino Board shall constitute a quorum. All substantive action of the Casino Board shall be by resolution with an affirmative vote of a majority of the members.

Section 1-30. Executive director; officers.

(a) The Casino Board shall appoint an executive director, who shall be the chief executive officer of the Authority.

The executive director shall be subject to a preliminary background investigation to be completed by the Gaming Board within 30 days after the executive director's submission of his or her application to the Gaming Board. If the Gaming Board determines that there is a substantial likelihood that it will not find the executive director to be suitable to serve in that position (applying similar standards for suitability as the Gaming Board would apply to a member of a board of directors of a corporate owners licensee under the Illinois Gambling Act), then the Gaming Board shall provide a written notice of such determination to the appointee and the Corporation Counsel of the City. If no such notice is delivered, then commencing on the 31st day following the date of the executive director's submission of his or her application to the Gaming Board, the executive director shall commence all duties as the acting executive director of the Authority.

The executive director shall be subject to a full background investigation and final approval by the Gaming Board prior to the opening of the casino. The Gaming Board shall complete its full background investigation of the executive director within 3 months after the date of the executive director's submission of his or her application to the Gaming Board. If the Gaming Board does not complete its background investigation within the 3-month period, then the Gaming Board shall give a written explanation to the appointee, as well as the Mayor, the Governor, the President of the Senate, and the Speaker of the House of Representatives, as to why it has not reached a final determination and set forth a reasonable time when such determination shall be made.

(b) The Casino Board shall fix the compensation of the executive director. Subject to the general control of the Casino Board, the executive director shall be responsible for the management of the business, properties, and employees of the Authority. The executive director shall direct the enforcement of all resolutions, rules, and regulations of the Casino Board, and shall perform such other duties as may be prescribed from time to time by the Casino Board. All employees and independent contractors, consultants, engineers, architects, accountants, attorneys, financial experts, construction experts and personnel, superintendents, managers, and other personnel appointed or employed pursuant to this Act shall report to the executive director. In addition to any other duties set forth in this Act, the executive director shall do or shall delegate to an employee or agent of the Authority to do all of the following:

- (1) Direct and supervise the administrative affairs and activities of the Authority in accordance with its rules, regulations, and policies.
- (2) Attend meetings of the Casino Board.
- (3) Keep minutes of all proceedings of the Casino Board.
- (4) Approve all accounts for salaries, per diem payments, and allowable expenses of the Casino Board and its employees and consultants.
- (5) Report and make recommendations to the Casino Board concerning the terms and conditions of any casino management contract.
- (6) Perform any other duty that the Casino Board requires for carrying out the provisions of this Act.
- (7) Devote his or her full time to the duties of the office and not hold any other office or employment.

(c) The Casino Board may select a secretary-treasurer and other officers to hold office at the pleasure of the Casino Board. The Casino Board shall fix the duties of such officers.

Section 1-31. General rights and powers of the Authority.

(a) In addition to the duties and powers set forth in this Act, the Authority shall have the following rights and powers:

(1) Adopt and alter an official seal.

(2) Establish and change its fiscal year.

(3) Sue and be sued, plead and be impleaded, all in its own name, and agree to binding arbitration of any dispute to which it is a party.

(4) Adopt, amend, and repeal bylaws, rules, and regulations consistent with the furtherance of the powers and duties provided for.

(5) Maintain its principal office within the City and such other offices as the Casino Board may designate.

(6) Select locations in the City for a temporary and a permanent casino.

(7) Subject to the bidding procedures of Section 1-115 of this Act, retain or employ, either as regular employees or independent contractors, consultants, engineers, architects, accountants, attorneys, financial experts, construction experts and personnel, superintendents, managers and other professional personnel, and such other personnel as may be necessary in the judgment of the Casino Board, and fix their compensation; however, employees of the Authority shall be hired pursuant to and in accordance with the rules and policies the Authority may adopt.

(8) Pursuant to Section 1-115 of this Act, own, acquire, construct, equip, lease, operate, manage, and maintain grounds, buildings, and facilities to carry out its corporate purposes and duties.

(9) Pursuant to Section 1-115, and subject to the oversight, review, and approval of the Gaming Board, enter into, revoke, and modify contracts in accordance with the rules of the Gaming Board as consistently applied to all owners licensees under the Illinois Gambling Act, provided that the Authority may enter into contracts for the design, construction, and outfitting of a temporary casino prior to the Gaming Board's final approval of the Authority's executive director and the members of the Casino Board and prior to the Gaming Board's issuance of the Authority's owners license. In no event, however, shall the Authority open a casino until after the Gaming Board has finally approved the Authority's executive director and the members of the Casino Board and the Gaming Board has issued the Authority's owners license and the casino operator's casino operator license.

(10) Enter into a casino management contract subject to the provisions of Section 1-45 of this Act.

(11) Develop, or cause to be developed by a third party, a master plan for the design, planning, and development of a casino.

(12) Negotiate and enter into intergovernmental agreements with the State and its agencies, the City, and other units of local government, in furtherance of the powers and duties of the Casino Board.

(13) Receive and disburse funds for its own corporate purposes or as otherwise specified in this Act.

(14) Borrow money from any source, public or private, for any corporate purpose, including, without limitation, working capital for its operations, reserve funds, or payment of interest, and to mortgage, pledge, or otherwise encumber the property or funds of the Authority and to contract with or engage the services of any person in connection with any financing, including financial institutions, issuers of letters of credit, or insurers and enter into reimbursement agreements with this person or entity which may be secured as if money were borrowed from the person or entity.

(15) Issue bonds as provided for under this Act.

(16) Receive and accept from any source, private or public, contributions, gifts, or grants of money or property to the Authority.

(17) Provide for the insurance of any property, operations, officers, members, agents, or employees of the Authority against any risk or hazard, to self-insure or participate in joint self-insurance pools or entities to insure against such risk or hazard, and to provide for the indemnification of its officers, members, employees, contractors, or agents against any and all risks.

(18) Exercise all the corporate powers granted Illinois corporations under the Business Corporation Act of 1983, except to the extent that powers are inconsistent with those of a body politic and municipal corporation.

(19) Do all things necessary or convenient to carry out the powers granted by this Act.

(b) The Casino Board shall comply with all applicable legal requirements imposed on other owners licensees to conduct all background investigations required under the Illinois Gambling Act and the rules of the Gaming Board. This requirement shall also extend to senior legal, financial, and administrative

staff of the Authority.

Section 1-32. Ethical conduct.

(a) Casino Board members and employees of the Authority must carry out their duties and responsibilities in such a manner as to promote and preserve public trust and confidence in the integrity and conduct of gaming.

(b) Except as may be required in the conduct of official duties, Casino Board members and employees of the Authority shall not engage in gambling on any riverboat, in any casino, or in an electronic gaming facility licensed by the Illinois Gaming Board or engage in legalized gambling in any establishment identified by Gaming Board action that, in the judgment of the Gaming Board, could represent a potential for a conflict of interest.

(c) A Casino Board member or employee of the Authority shall not use or attempt to use his or her official position to secure or attempt to secure any privilege, advantage, favor, or influence for himself or herself or others.

(d) Casino Board members and employees of the Authority shall not hold or pursue employment, office, position, business, or occupation that may conflict with his or her official duties. Employees may engage in other gainful employment so long as that employment does not interfere or conflict with their duties. Such employment must be disclosed to the executive director and approved by the Casino Board.

(e) Casino Board members, employees of the Authority, and elected officials and employees of the City may not engage in employment, communications, or any activity identified by the Casino Board or Gaming Board that, in the judgment of either entity, could represent the potential for or the appearance of a conflict of interest.

(f) Casino Board members, employees of the Authority, and elected officials and employees of the City may not have a financial interest, directly or indirectly, in his or her own name or in the name of any other person, partnership, association, trust, corporation, or other entity in any contract or subcontract for the performance of any work for the Authority. This prohibition shall extend to the holding or acquisition of an interest in any entity identified by the Casino Board or the Gaming Board that, in the judgment of either entity, could represent the potential for or the appearance of a financial interest. The holding or acquisition of an interest in such entities through an indirect means, such as through a mutual fund, shall not be prohibited, except that the Gaming Board may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of interest.

(g) Casino Board members, employees of the Authority, and elected officials and employees of the City may not accept any gift, gratuity, service, compensation, travel, lodging, or thing of value, with the exception of unsolicited items of an incidental nature, from any person, corporation, or entity doing business with the Authority.

(h) No Casino Board member, employee of the Authority, or elected official or employee of the City may, during employment or within a period of 2 years immediately after termination of employment, knowingly accept employment or receive compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Authority that resulted in contracts with an aggregate value of at least \$25,000 or if that Casino Board member or employee has made a decision that directly applied to the person or entity, or its parent or affiliate.

(i) A spouse, child, or parent of a Casino Board member, employee of the Authority, or elected official or employee of the City may not have a financial interest, directly or indirectly, in his or her own name or in the name of any other person, partnership, association, trust, corporation, or other entity in any contract or subcontract for the performance of any work for the Authority. This prohibition shall extend to the holding or acquisition of an interest in any entity identified by the Casino Board or Gaming Board that, in the judgment of either entity, could represent the potential for or the appearance of a conflict of interest. The holding or acquisition of an interest in such entities through an indirect means, such as through a mutual fund, shall not be prohibited, except that the Gaming Board may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of interest.

(j) A spouse, child, or parent of a Casino Board member, employee of the Authority, or elected official or employee of the City may not accept any gift, gratuity, service, compensation, travel, lodging, or thing of value, with the exception of unsolicited items of an incidental nature, from any person, corporation, or entity doing business with the Authority.

(k) A spouse, child, or parent of a Casino Board member, employee of the Authority, or elected official or employee of the City may not, while the person is a Board member or employee of the spouse or within a period of 2 years immediately after termination of employment, knowingly accept

[March 6, 2013]

employment or receive compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Authority that resulted in contracts with an aggregate value of at least \$25,000 or if that Casino Board member, employee, or elected official or employee of the City has made a decision that directly applied to the person or entity, or its parent or affiliate.

(l) No Casino Board member, employee of the Authority, or elected official or employee of the City may attempt, in any way, to influence any person or corporation doing business with the Authority or any officer, agent, or employee thereof to hire or contract with any person or corporation for any compensated work.

(m) No Casino Board member, employee of the Authority, or elected official or employee of the City shall use or attempt to use his or her official position to secure, or attempt to secure, any privilege, advantage, favor, or influence for himself or herself or others. No Casino Board member, employee of the Authority, or elected official or employee of the City shall, within one year immediately preceding appointment by the Mayor or employment, have been employed or received compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Casino Board, a licensee under this Act, or a licensee under the Illinois Gambling Act.

(n) Any communication between an elected official of the City and any applicant for or party to a casino management contract with the Authority, or an officer, director, or employee thereof, concerning any matter relating in any way to gaming or the Authority shall be disclosed to the Casino Board and the Gaming Board. Such disclosure shall be in writing by the official within 30 days after the communication and shall be filed with the Casino Board. Disclosure must consist of the date of the communication, the identity and job title of the person with whom the communication was made, a brief summary of the communication, the action requested or recommended, all responses made, the identity and job title of the person making the response, and any other pertinent information.

Public disclosure of the written summary provided to the Casino Board and the Gaming Board shall be subject to the exemptions provided under Section 7 of the Freedom of Information Act.

This subsection (n) shall not apply to communications regarding traffic, law enforcement, security, environmental issues, City services, transportation, or other routine matters concerning the ordinary operations of the casino.

(o) For purposes of this Section:

"Ordinary operations" means operations relating to the casino facility other than the conduct of gambling activities.

"Routine matters" includes the application for, issuance, renewal, and other processes associated with City permits and licenses.

"Employee of the City" means only those employees of the City who provide services to the Authority or otherwise influence the decisions of the Authority or the Casino Board.

(p) Any Board member or employee of the Authority who violates any provision of this Section is guilty of a Class 4 felony.

Section 1-45. Casino management contracts.

(a) In accordance with all applicable procurement laws and rules, the Casino Board shall develop and administer a competitive sealed bidding process for the selection of a potential casino operator licensee to develop or operate a casino within the City. The Casino Board shall issue one or more requests for proposals. The Casino Board may establish minimum financial and investment requirements to determine the eligibility of persons to respond to the Casino Board's requests for proposal, and may establish and consider such other criteria as it deems appropriate. The Casino Board may impose a reasonable fee upon persons who respond to requests for proposal, in order to reimburse the Casino Board for its costs in preparing and issuing the requests and reviewing the proposals. At least 15 days prior to the commencement of the competitive bidding process, the Gaming Board shall be given an opportunity to review the competitive bidding process established by the Casino Board. During the competitive bidding process, the Casino Board shall keep the Gaming Board apprised of the process and the responses received in connection with the Casino Board's request for proposals.

(b) Within 5 business days after the time limit for submitting bids and proposals has passed, the Casino Board shall make all bids and proposals public, provided, however, the Casino Board shall not be required to disclose any information which would be exempt from disclosure under Section 7 of the Freedom of Information Act. Thereafter, the Casino Board shall evaluate the responses to its requests for proposal and the ability of all persons or entities responding to its requests for proposal to meet the requirements of this Act and any relevant provisions of the Illinois Gambling Act and to undertake and perform the obligations set forth in its requests for proposal.

(c) After reviewing proposals, the Casino Board shall enter into a casino management contract

authorizing the operation of a casino. The casino operator shall be subject to a background investigation and approval by the Gaming Board. The Gaming Board shall complete its background investigation and approval of the casino operator within 6 months after the date that the proposed casino operator submits its application to the Gaming Board. If the Gaming Board does not complete its background investigation and approval within the 6-month period, then the Gaming Board shall give a written explanation to the proposed casino operator and the chief legal officer of the Authority as to why it has not reached a final determination. The Gaming Board shall then complete its investigation within 3 months after giving such written explanation. Validity of the casino management contract is contingent upon the issuance of a casino operator license to the successful bidder. If the Gaming Board grants a casino operator license, the Casino Board shall transmit a copy of the executed casino management contract to the Gaming Board.

(d) After (1) the Authority has been issued a casino license, (2) the Gaming Board has issued a casino operator license, and (3) the Gaming Board has approved the members of the Casino Board, the Authority may conduct gaming operations at a temporary facility for no longer than 24 months after gaming operations begin. The Gaming Board may, after holding a public hearing, grant an extension so long as a permanent facility is not operational and the Authority is working in good faith to complete the permanent facility. The Gaming Board may grant additional extensions following further public hearings. Each extension may be for a period of no longer than 6 months.

(e) Fifty percent of any initial consideration received by the Authority that was paid as an inducement pursuant to a bid for a casino management contract or an executed casino management contract must be transmitted to the State and deposited into the Gaming Facilities Fee Revenue Fund. The initial consideration shall not include (1) any amounts paid to the Authority as reimbursement for its costs in preparing or issuing the requests for proposals and reviewing the proposals or (2) any amounts loaned to the Authority or paid by an entity on behalf of the Authority for the design, construction, outfitting, or equipping of the casino, pre-opening expenses, bank roll or similar expenses required to open and operate the casino, or any license or per position fees imposed pursuant to the Illinois Gambling Act or any other financial obligation of the Authority.

Section 1-47. Freedom of Information Act. The Authority shall be a public body as defined in the Freedom of Information Act and shall be subject to the provisions of the Freedom of Information Act.

Section 1-50. Transfer of funds. The revenues received by the Authority (other than amounts required to be paid pursuant to the Illinois Gambling Act and amounts required to pay the operating expenses of the Authority, to pay amounts due the casino operator licensee pursuant to a casino management contract, to repay any borrowing of the Authority made pursuant to Section 1-31, to pay debt service on any bonds issued under Section 1-75, and to pay any expenses in connection with the issuance of such bonds pursuant to Section 1-75 or derivative products pursuant to Section 1-85) shall be transferred to the City by the Authority. Moneys transferred to the City pursuant to this Section shall be expended or obligated by the City for the construction and maintenance of infrastructure and for related purposes within the City. Such infrastructure may include, but is not limited to, roads, bridges, transit infrastructure, water and sewer infrastructure, schools, parks, and municipal facilities.

Section 1-60. Auditor General.

(a) Prior to the issuance of bonds under this Act, the Authority shall submit to the Auditor General a certification that:

(1) it is legally authorized to issue bonds;

(2) scheduled annual payments of principal and interest on the bonds to be issued meet the requirements of Section 1-75 of this Act;

(3) no bond shall mature later than 30 years; and

(4) after payment of costs of issuance and necessary deposits to funds and accounts established with respect to debt service on the bonds, the net bond proceeds (exclusive of any proceeds to be used to refund outstanding bonds) will be used only for the purposes set forth in this Act.

The Authority also shall submit to the Auditor General its projections on revenues to be generated and pledged to repayment of the bonds as scheduled and such other information as the Auditor General may reasonably request.

The Auditor General shall examine the certifications and information submitted and submit a report to the Authority and the Gaming Board indicating whether the required certifications, projections, and other information have been submitted by the Authority and whether the assumptions underlying the

[March 6, 2013]

projections are not unreasonable in the aggregate. The Auditor General shall submit the report no later than 60 days after receiving the information required to be submitted by the Authority.

The Auditor General shall submit a bill to the Authority for costs associated with the examinations and report required under this Section. The Authority shall reimburse in a timely manner.

(b) The Authority shall enter into an intergovernmental agreement with the Auditor General authorizing the Auditor General to, every 2 years, (i) review the financial audit of the Authority performed by the Authority's certified public accountants, (ii) perform a management audit of the Authority, and (iii) perform a management audit of the casino operator licensee. The Auditor General shall provide the Authority and the General Assembly with the audits and shall post on his or her Internet website such portions of the audit or other financial information as generally would be made publicly available for other owners licensees under the Illinois Gambling Act. The Auditor General shall submit a bill to the Authority for costs associated with the review and the audit required under this Section, which costs shall not exceed \$100,000, and the Authority shall reimburse the Auditor General for such costs in a timely manner.

Section 1-62. Advisory committee. An Advisory Committee is established to monitor, review, and report on (1) the Authority's utilization of minority-owned business enterprises and female-owned business enterprises, (2) employment of females, and (3) employment of minorities with regard to the development and construction of the casino as authorized under Section 7 of the Illinois Gambling Act. The Authority shall work with the Advisory Committee in accumulating necessary information for the Committee to submit reports, as necessary, to the General Assembly and to the City.

The Committee shall consist of 9 members as provided in this Section. Five members shall be selected by the Governor and 4 members shall be selected by the Mayor. The Governor and Mayor shall each appoint at least one current member of the General Assembly. The Advisory Committee shall meet periodically and shall report the information to the Mayor of the City and to the General Assembly by December 31st of every year.

The Advisory Committee shall be dissolved on the date that casino gambling operations are first conducted at a permanent facility under the license authorized under Section 7 of the Illinois Gambling Act. For the purposes of this Section, the terms "female" and "minority person" have the meanings provided in Section 2 of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

Section 1-65. Acquisition of property; eminent domain proceedings. For the lawful purposes of this Act, the City may acquire by eminent domain or by condemnation proceedings in the manner provided by the Eminent Domain Act, real or personal property or interests in real or personal property located in the City, and the City may convey to the Authority property so acquired. The acquisition of property under this Section is declared to be for a public use.

Section 1-67. Limitations on gaming at Chicago airports. The Authority may conduct gaming operations in an airport under the administration or control of the Chicago Department of Aviation. Gaming operations may be conducted pursuant to this Section so long as (i) gaming operations are conducted in a secured area that is beyond the Transportation Security Administration security checkpoints and only available to airline passengers at least 21 years of age who are members of a private club, and not to the general public, (ii) gaming operations are limited to slot machines, as defined in Section 4 of the Illinois Gambling Act, and (iii) the combined number of gaming positions operating in the City at the airports and at the temporary and permanent casino facility does not exceed the maximum number of gaming positions authorized pursuant to subsection (h) of Section 7 of the Illinois Gambling Act. Gaming operations at an airport are subject to all applicable laws and rules that apply to any other gaming facility under this Act or the Illinois Gambling Act.

Section 1-70. Local regulation. The casino facilities and operations therein shall be subject to all ordinances and regulations of the City. The construction, development, and operation of the casino shall comply with all ordinances, regulations, rules, and controls of the City, including, but not limited to, those relating to zoning and planned development, building, fire prevention, and land use. However, the regulation of gaming operations is subject to the exclusive jurisdiction of the Gaming Board. The Gaming Board shall be responsible for the investigation for and issuance of all licenses required by this Act and the Illinois Gambling Act. For the purposes of this Section, "gaming operations" means those activities directly related to the conduct of gambling activity in the casino and "operations" means those activities not directly related to the conduct of gambling, and includes activities customarily carried out

by similarly-sized facilities not involved in gambling activity.

Section 1-75. Borrowing.

(a) The Authority may borrow money and issue bonds as provided in this Section. Bonds of the Authority may be issued to provide funds for land acquisition, site assembly and preparation, and the design and construction of the casino, as defined in the Illinois Gambling Act, all ancillary and related facilities comprising the casino complex, and all on-site and off-site infrastructure improvements required in connection with the development of the casino; to refund (at the time or in advance of any maturity or redemption) or redeem any bonds of the Authority; to provide or increase a debt service reserve fund or other reserves with respect to any or all of its bonds; or to pay the legal, financial, administrative, bond insurance, credit enhancement, and other legal expenses of the authorization, issuance, or delivery of bonds. In this Act, the term "bonds" also includes notes of any kind, interim certificates, refunding bonds, or any other evidence of obligation for borrowed money issued under this Section. Bonds may be issued in one or more series and may be payable and secured either on a parity with or separately from other bonds.

(b) The bonds of the Authority shall be payable from one or more of the following sources: (i) the property or revenues of the Authority; (ii) revenues derived from the casino; (iii) revenues derived from any casino operator licensee; (iv) fees, bid proceeds, charges, lease payments, payments required pursuant to any casino management contract or other revenues payable to the Authority, or any receipts of the Authority; (v) payments by financial institutions, insurance companies, or others pursuant to letters or lines of credit, policies of insurance, or purchase agreements; (vi) investment earnings from funds or accounts maintained pursuant to a bond resolution or trust indenture; (vii) proceeds of refunding bonds; (viii) any other revenues derived from or payments by the City; and (ix) any payments by any casino operator licensee or others pursuant to any guaranty agreement.

(c) Bonds shall be authorized by a resolution of the Authority and may be secured by a trust indenture by and between the Authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the State. Bonds shall meet the following requirements:

(1) Bonds may bear interest payable at any time or times and at any rate or rates, notwithstanding any other provision of law to the contrary, and may be subject to such other terms and conditions as may be provided by the resolution or indenture authorizing the issuance of such bonds.

(2) Bonds issued pursuant to this Section may be payable on such dates and times as may be provided for by the resolution or indenture authorizing the issuance of such bonds; provided, however, that such bonds shall mature no later than 30 years from the date of issuance.

(3) Bonds issued pursuant to this Section may be sold pursuant to notice of sale and public bid or by negotiated sale.

(4) Bonds shall be payable at a time or times, in the denominations and form, including book entry form, either coupon, registered, or both, and carry the registration and privileges as to exchange, transfer or conversion, and replacement of mutilated, lost, or destroyed bonds as the resolution or trust indenture may provide.

(5) Bonds shall be payable in lawful money of the United States at a designated place.

(6) Bonds shall be subject to the terms of purchase, payment, redemption, refunding, or refinancing that the resolution or trust indenture provides.

(7) Bonds shall be executed by the manual or facsimile signatures of the officers of the Authority designated by the Board, which signatures shall be valid at delivery even for one who has ceased to hold office.

(8) Bonds shall be sold at public or private sale in the manner and upon the terms determined by the Authority.

(9) Bonds shall be issued in accordance with the provisions of the Local Government Debt Reform Act.

(d) The Authority shall adopt a procurement program with respect to contracts relating to underwriters, bond counsel, financial advisors, and accountants. The program shall include goals for the payment of not less than 30% of the total dollar value of the fees from these contracts to minority-owned businesses and female-owned businesses as defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. The Authority shall conduct outreach to minority-owned businesses and female-owned businesses. Outreach shall include, but is not limited to, advertisements in periodicals and newspapers, mailings, and other appropriate media. The Authority shall submit to the General Assembly a comprehensive report that shall include, at a minimum, the details of the procurement plan, outreach efforts, and the results of the efforts to achieve goals for the payment of fees.

(e) Subject to the Illinois Gambling Act and rules of the Gaming Board regarding pledging of interests in holders of owners licenses, any resolution or trust indenture may contain provisions that may be a part of the contract with the holders of the bonds as to the following:

(1) Pledging, assigning, or directing the use, investment, or disposition of revenues of the Authority or proceeds or benefits of any contract, including without limitation any rights in any casino management contract.

(2) The setting aside of loan funding deposits, debt service reserves, replacement or operating reserves, cost of issuance accounts and sinking funds, and the regulation, investment, and disposition thereof.

(3) Limitations on the purposes to which or the investments in which the proceeds of sale of any issue of bonds or the Authority's revenues and receipts may be applied or made.

(4) Limitations on the issue of additional bonds, the terms upon which additional bonds may be issued and secured, the terms upon which additional bonds may rank on a parity with, or be subordinate or superior to, other bonds.

(5) The refunding, advance refunding, or refinancing of outstanding bonds.

(6) The procedure, if any, by which the terms of any contract with bondholders may be altered or amended and the amount of bonds and holders of which must consent thereto and the manner in which consent shall be given.

(7) Defining the acts or omissions that shall constitute a default in the duties of the Authority to holders of bonds and providing the rights or remedies of such holders in the event of a default, which may include provisions restricting individual rights of action by bondholders.

(8) Providing for guarantees, pledges of property, letters of credit, or other security, or insurance for the benefit of bondholders.

(f) No member of the Casino Board, nor any person executing the bonds, shall be liable personally on the bonds or subject to any personal liability by reason of the issuance of the bonds.

(g) The Authority may issue and secure bonds in accordance with the provisions of the Local Government Credit Enhancement Act.

(h) A pledge by the Authority of revenues and receipts as security for an issue of bonds or for the performance of its obligations under any casino management contract shall be valid and binding from the time when the pledge is made. The revenues and receipts pledged shall immediately be subject to the lien of the pledge without any physical delivery or further act, and the lien of any pledge shall be valid and binding against any person having any claim of any kind in tort, contract, or otherwise against the Authority, irrespective of whether the person has notice. No resolution, trust indenture, management agreement or financing statement, continuation statement, or other instrument adopted or entered into by the Authority need be filed or recorded in any public record other than the records of the Authority in order to perfect the lien against third persons, regardless of any contrary provision of law.

(i) Bonds that are being paid or retired by issuance, sale, or delivery of bonds, and bonds for which sufficient funds have been deposited with the paying agent or trustee to provide for payment of principal and interest thereon, and any redemption premium, as provided in the authorizing resolution, shall not be considered outstanding for the purposes of this subsection.

(j) The bonds of the Authority shall not be indebtedness of the State. The bonds of the Authority are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State and the holders of bonds of the Authority may not require, except as provided in this Act, the application of State revenues or funds to the payment of bonds of the Authority.

(k) The State of Illinois pledges and agrees with the owners of the bonds that it will not limit or alter the rights and powers vested in the Authority by this Act so as to impair the terms of any contract made by the Authority with the owners or in any way impair the rights and remedies of the owners until the bonds, together with interest on them, and all costs and expenses in connection with any action or proceedings by or on behalf of the owners, are fully met and discharged. The Authority is authorized to include this pledge and agreement in any contract with the owners of bonds issued under this Section.

(l) No person holding an elective office in the City, in Cook County, or in this State, holding a seat in the General Assembly, or serving as a board member, trustee, officer, or employee of the Authority, including the spouse of that person, may receive a legal, banking, consulting, or other fee related to the issuance of bonds. This prohibition shall also apply to a company or firm that employs a person holding an elective office in the City, in Cook County, or in this State, holding a seat in the General Assembly, or serving as a board member, trustee, officer, or employee of the Authority, including the spouse of that person, if the person or his or her spouse has greater than 7.5% ownership of the company or firm.

Section 1-85. Derivative products. With respect to all or part of any issue of its bonds, the Authority

may enter into agreements or contracts with any necessary or appropriate person, which will have the benefit of providing to the Authority an interest rate basis, cash flow basis, or other basis different from that provided in the bonds for the payment of interest. Such agreements or contracts may include, without limitation, agreements or contracts commonly known as "interest rate swap agreements", "forward payment conversion agreements", "futures", "options", "puts", or "calls" and agreements or contracts providing for payments based on levels of or changes in interest rates, agreements or contracts to exchange cash flows or a series of payments, or to hedge payment, rate spread, or similar exposure.

Section 1-90. Legality for investment. The State of Illinois, all governmental entities, all public officers, banks, bankers, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies, and other persons carrying on a banking business, insurance companies, insurance associations, and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds issued under this Act. However, nothing in this Section shall be construed as relieving any person, firm, or corporation from any duty of exercising reasonable care in selecting securities for purchase or investment.

Section 1-105. Budgets and reporting.

(a) The Casino Board shall annually adopt a budget for each fiscal year. The budget may be modified from time to time in the same manner and upon the same vote as it may be adopted. The budget shall include the Authority's available funds and estimated revenues and shall provide for payment of its obligations and estimated expenditures for the fiscal year, including, without limitation, expenditures for administration, operation, maintenance and repairs, debt service, and deposits into reserve and other funds and capital projects.

(b) The Casino Board shall annually cause the finances of the Authority to be audited by a firm of certified public accountants selected by the Casino Board in accordance with the rules of the Gaming Board and post on the Authority's Internet website such financial information as is required to be posted by all other owners licensees under the Illinois Gambling Act.

(c) The Casino Board shall, for each fiscal year, prepare an annual report setting forth information concerning its activities in the fiscal year and the status of the development of the casino. The annual report shall include financial information of the Authority consistent with that which is required for all other owners licensees under the Illinois Gambling Act, the budget for the succeeding fiscal year, and the current capital plan as of the date of the report. Copies of the annual report shall be made available to persons who request them and shall be submitted not later than 120 days after the end of the Authority's fiscal year or, if the audit of the Authority's financial statements is not completed within 120 days after the end of the Authority's fiscal year, as soon as practical after completion of the audit, to the Governor, the Mayor, the General Assembly, and the Commission on Government Forecasting and Accountability.

Section 1-110. Deposit and withdrawal of funds.

(a) All funds deposited by the Authority in any bank or savings and loan association shall be placed in the name of the Authority and shall be withdrawn or paid out only by check or draft upon the bank or savings and loan association, signed by 2 officers or employees designated by the Casino Board. Notwithstanding any other provision of this Section, the Casino Board may designate any of its members or any officer or employee of the Authority to authorize the wire transfer of funds deposited by the secretary-treasurer of funds in a bank or savings and loan association for the payment of payroll and employee benefits-related expenses.

No bank or savings and loan association shall receive public funds as permitted by this Section unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act.

(b) If any officer or employee whose signature appears upon any check or draft issued pursuant to this Act ceases (after attaching his signature) to hold his or her office before the delivery of such a check or draft to the payee, his or her signature shall nevertheless be valid and sufficient for all purposes with the same effect as if he or she had remained in office until delivery thereof.

Section 1-112. Contracts with the Authority or casino operator licensee; disclosure requirements.

(a) A bidder, respondent, offeror, or contractor for contracts with the Authority or casino operator licensee shall disclose the identity of all officers and directors and every owner, beneficiary, or person with beneficial interest of more than 1% or shareholder entitled to receive more than 1% of the total distributable income of any corporation having any interest in the contract or in the bidder, respondent,

[March 6, 2013]

offeror, or contractor. The disclosure shall be in writing and attested to by an owner, trustee, corporate official, or agent. If stock in a corporation is publicly traded and there is no readily known individual having greater than a 1% interest, then a statement to that effect attested to by an officer or agent of the corporation shall fulfill the disclosure statement requirement of this Section. A bidder, respondent, offeror, or contractor shall notify the Authority of any changes in officers, directors, ownership, or individuals having a beneficial interest of more than 1%. Notwithstanding the provisions of this subsection (a), the Gaming Board may adopt rules in connection with contractors for contracts with the Authority or the casino operator.

(b) A bidder, respondent, offeror, or contractor for contracts with an annual value of \$25,000 or more or for a period to exceed one year shall disclose all political contributions of the bidder, respondent, offeror, or contractor and any affiliated person or entity. Disclosure shall include at least the names and addresses of the contributors and the dollar amounts of any contributions to any political committee made within the previous 2 years. The disclosure must be submitted to the Gaming Board with a copy of the contract. All such disclosures shall be posted on the websites of the Authority and the Gaming Board.

(c) As used in this Section:

"Contribution" means contribution as defined in Section 9-1.4 of the Election Code.

"Affiliated person" means (i) any person with any ownership interest or distributive share of the bidding, responding, or contracting entity in excess of 1%, (ii) executive employees of the bidding, responding, or contracting entity, and (iii) the spouse, minor children, and parents of any such persons.

"Affiliated entity" means (i) any parent or subsidiary of the bidding or contracting entity, (ii) any member of the same unitary business group, or (iii) any political committee for which the bidding, responding, or contracting entity is the sponsoring entity.

(d) The Gaming Board may direct the Authority or a casino operator licensee to void a contract if a violation of this Section occurs. The Authority may direct a casino operator licensee to void a contract if a violation of this Section occurs.

(e) All contracts pertaining to the actual operation of the casino and related gaming activities shall be entered into by the casino operator licensee and not the Authority and shall be subject to the regulation, oversight, and approval of the Gaming Board, applying the same regulation, oversight, and approval requirements as would be applied to any other owners licensee under the Illinois Gambling Act.

Section 1-115. Purchasing.

(a) The Casino Board shall designate an officer of the Authority to serve as the Chief Procurement Officer for the Authority. The Chief Procurement Officer shall have all powers and duties set forth in Section 15 of Division 10 of Article 8 of the Illinois Municipal Code. Except as otherwise provided in this Section, the Chief Procurement Officer of the Authority shall conduct procurements on behalf of the Authority subject to Title 2, Chapter 92 of the Municipal Code of Chicago, which by its terms incorporates Division 10 of Article 8 of the Illinois Municipal Code.

(b) All contracts for amounts greater than \$25,000 must be approved by the Casino Board and executed by the chairperson of the Casino Board and executive director of the Authority. Contracts for amounts of \$25,000 or less may be approved and executed by the Chief Procurement Officer for the Authority and executive director of the Authority, with approval by the chief legal counsel for the Authority as to form and legality.

(c) All construction contracts and contracts for supplies, materials, equipment, and services for amounts greater than \$25,000 shall be let by a competitive selection process to the lowest responsible proposer, after advertising for proposals, except for the following:

- (1) when repair parts, accessories, equipment, or services are required for equipment or services previously furnished or contracted for;
- (2) when services such as water, light, heat, power, telephone (other than long-distance service), or telegraph are required;
- (3) casino management contracts, which shall be awarded as set forth in Section 1-45 of this Act;
- (4) contracts where there is only one economically feasible source;

(5) when a purchase is needed on an immediate, emergency basis because there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to Authority property in order to protect against further loss of or damage to Authority property, to prevent or minimize serious disruption in Authority services or to ensure the integrity of Authority records;

- (6) contracts for professional services other than for management of the casino, except

such contracts described in subsection (d) of this Section; and

(7) contracts for the use, purchase, delivery, movement, or installation of (i) data processing equipment, software, and services and (ii) telecommunications equipment, software, and services.

(d) Contracts for professional services for a term of more than one year or contracts that may require payment in excess of \$25,000 in one year shall be let by a competitive bidding process to the most highly qualified firm that agrees to compensation and other terms of engagement that are both reasonable and acceptable to the Casino Board.

(e) All contracts involving less than \$25,000 shall be let by competitive selection process whenever possible, and in any event in a manner calculated to ensure the best interests of the public.

(f) In determining the responsibility of any proposer, the Authority may take into account the proposer's (or an individual having a beneficial interest, directly or indirectly, of more than 1% in such proposing entity) past record of dealings with the Authority, the proposer's experience, adequacy of equipment, and ability to complete performance within the time set, and other factors besides financial responsibility. No such contract shall be awarded to any proposer other than the lowest proposer (in case of purchase or expenditure) unless authorized or approved by a vote of at least 3 members of the Casino Board and such action is accompanied by a written statement setting forth the reasons for not awarding the contract to the highest or lowest proposer, as the case may be. The statement shall be kept on file in the principal office of the Authority and open to public inspection.

(g) The Authority shall have the right to reject all proposals and to re-advertise for proposals. If after any such re-advertisement, no responsible and satisfactory proposals, within the terms of the re-advertisement, is received, the Authority may award such contract without competitive selection. The contract must not be less advantageous to the Authority than any valid proposal received pursuant to advertisement.

(h) Advertisements for proposals and re-proposals shall be published at least once in a daily newspaper of general circulation published in the City at least 10 calendar days before the time for receiving proposals and in an online bulletin published on the Authority's website. Such advertisements shall state the time and place for receiving and opening of proposals and, by reference to plans and specifications on file at the time of the first publication or in the advertisement itself, shall describe the character of the proposed contract in sufficient detail to fully advise prospective proposers of their obligations and to ensure free and open competitive selection.

(i) All proposals in response to advertisements shall be sealed and shall be publicly opened by the Authority. All proposers shall be entitled to be present in person or by representatives. Cash or a certified or satisfactory cashier's check, as a deposit of good faith, in a reasonable amount to be fixed by the Authority before advertising for proposals, shall be required with the proposal. A bond for faithful performance of the contract with surety or sureties satisfactory to the Authority and adequate insurance may be required in reasonable amounts to be fixed by the Authority before advertising for proposals.

(j) The contract shall be awarded as promptly as possible after the opening of proposals. The proposal of the successful proposer, as well as the bids of the unsuccessful proposers, shall be placed on file and be open to public inspection subject to the exemptions from disclosure provided under Section 7 of the Freedom of Information Act. All proposals shall be void if any disclosure of the terms of any proposals in response to an advertisement is made or permitted to be made by the Authority before the time fixed for opening proposals.

(k) Notice of each and every contract that is offered, including renegotiated contracts and change orders, shall be published in an online bulletin. The online bulletin must include at least the date first offered, the date submission of offers is due, the location that offers are to be submitted to, a brief purchase description, the method of source selection, information of how to obtain a comprehensive purchase description and any disclosure and contract forms, and encouragement to prospective vendors to hire qualified veterans, as defined by Section 45-67 of the Illinois Procurement Code, and Illinois residents discharged from any Illinois adult correctional center subject to Gaming Board licensing and eligibility rules. Notice of each and every contract that is let or awarded, including renegotiated contracts and change orders, shall be published in the online bulletin and must include at least all of the information specified in this subsection (k), as well as the name of the successful responsible proposer or offeror, the contract price, and the number of unsuccessful responsive proposers and any other disclosure specified in this Section. This notice must be posted in the online electronic bulletin prior to execution of the contract.

Section 1-130. Affirmative action and equal opportunity obligations of Authority.

(a) The Authority is subject to the requirements of Article IV of Chapter 2-92 (Sections 2-92-650

[March 6, 2013]

through 2-92-720 inclusive) of the Chicago Municipal Code, as now or hereafter amended, renumbered, or succeeded, concerning a Minority-Owned and Women-Owned Business Enterprise Procurement Program for construction contracts, and Section 2-92-420 et seq. of the Chicago Municipal Code, as now or hereafter amended, renumbered, or succeeded, concerning a Minority-Owned and Women-Owned Business Enterprise Procurement Program.

(b) The Authority is authorized to enter into agreements with contractors' associations, labor unions, and the contractors working on the development of the casino to establish an apprenticeship preparedness training program to provide for an increase in the number of minority and female journeymen and apprentices in the building trades and to enter into agreements with community college districts or other public or private institutions to provide readiness training. The Authority is further authorized to enter into contracts with public and private educational institutions and persons in the gaming, entertainment, hospitality, and tourism industries to provide training for employment in those industries.

Section 1-135. Transfer of interest. Neither the Authority nor the City may sell, lease, rent, transfer, exchange, or otherwise convey any interest that they have in the casino without prior approval of the General Assembly.

Section 1-140. Home rule. The regulation and licensing of casinos and casino gaming, casino gaming facilities, and casino operator licensees under this Act are exclusive powers and functions of the State. A home rule unit may not regulate or license casinos, casino gaming, casino gaming facilities, or casino operator licensees under this Act, except as provided under this Act. This Section is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.

Section 1-145. Prohibition of political contributions from casino operator licensees and applicants.

(a) The General Assembly has a compelling interest in protecting the integrity of both the electoral process and the legislative process by preventing corruption and the appearance of corruption which may arise through permitting certain political campaign contributions by certain persons involved in the gaming industry and regulated by the State. Unlike most other regulated industries, gaming is especially susceptible to corruption and potential criminal influence. In Illinois, only licensed gaming activities are legal and all other gaming activities are strictly prohibited. Given these circumstances, it is imperative to eliminate any potential corrupt influence in the gaming industry and the electoral process.

Banning political campaign contributions by certain persons subject to this Section to State officeholders and candidates for such offices and to county and municipal officeholders and candidates for such offices in counties and municipalities that receive financial benefits from gaming activities is necessary to prevent corruption and the appearance of corruption that may arise when political campaign contributions and gaming that is regulated by the State and that confers benefits on counties and municipalities are intermingled.

The General Assembly has prohibited political campaign contributions to certain State and local officeholders and candidates for such offices by certain persons with State of Illinois and Metropolitan Pier and Exposition Authority contracts and pending bids or proposals for contracts of over \$50,000 and certain individuals and entities affiliated with such persons. Certain gaming licensees will receive receipts far in excess of the base level of contract amounts subject to such other campaign contribution prohibitions.

(b) As used in this Section:

"Affiliated entity" means (i) any corporate parent and operating subsidiary of the business entity applying for or holding a license, (ii) each operating subsidiary of the corporate parent of the business entity applying for or holding a license, (iii) any organization recognized by the United States Internal Revenue Service as a tax-exempt organization described in Section 501(c) of the Internal Revenue Code of 1986 (or any successor provision of federal tax law) established by one or more business entities seeking or holding a license, any affiliated entity of such business entity, or any affiliated person of such business entity, and (iv) any political committee for which the business entity applying for or holding a license, or any 501(c) organization described in item (iii) related to that business entity, is the sponsoring entity as defined in Section 9-3 of the Election Code. For purposes of item (iv), the funding of all business entities applying for or holding a license shall be aggregated in determining whether such political committee is an affiliated entity.

"Affiliated person" means (i) any person with any ownership interest or distributive share in excess of 7.5% of any business entity applying for or holding a license, (ii) executive employees of any such

business entity, (iii) any person designated as a key person under the Illinois Gambling Act, and (iv) the spouse of the persons described in items (i) through (iii).

"Business entity" means any entity doing business for profit, whether organized as a corporation, partnership, sole proprietorship, limited liability company, or partnership or otherwise.

"Contribution" means a contribution as defined in Section 9-1.4 of the Election Code.

"Declared candidate" means a person who has filed a statement of candidacy and petition for nomination or election in the principal office of the State Board of Elections, or in the office of the appropriate election authority for any county or municipality in which a casino is located or proposed or which receives any gaming revenue.

"Executive employee" means (i) any person who is an officer or director or who fulfills duties equivalent to those of an officer or director of a business entity applying for or holding a license and (ii) any employee of such business entity who is required to register under the Lobbyist Registration Act.

"License" means the casino operator license issued pursuant to this Act.

"Officeholder" means the Governor, Lieutenant Governor, Attorney General, Secretary of State, Comptroller, Treasurer, member of the General Assembly, or any officeholder in any county or municipality in which a riverboat, casino, or electronic gaming device is located or proposed or that receives any gaming revenue.

(c) Any person or business entity applying for or holding a license, any affiliated entities or persons of such business entity, and any entities or persons soliciting a contribution or causing a contribution to be made on behalf of such person or business entity, are prohibited from making any contribution to any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate, as defined in Section 9-1.8 of the Election Code. This prohibition shall commence upon filing of an application for a license and shall continue for a period of 2 years after termination, suspension or revocation of the license.

The Gaming Board shall have authority to suspend, revoke, or restrict the license and to impose civil penalties of up to \$100,000 for each violation of this subsection (c). A notice of each such violation and the penalty imposed shall be published on the Gaming Board's Internet website and in the Illinois Register. Payments received by the State pursuant to this subsection (c) shall be deposited into the General Revenue Fund.

Any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate that has received a contribution in violation of this subsection (c) shall pay an amount equal to the value of the contribution to the State no more than 30 days after notice of the violation concerning the contribution appears in the Illinois Register. Payments received by the State pursuant to this subsection (c) shall be deposited into the General Revenue Fund.

(d) The Gaming Board shall post on its Internet website a list of all persons, business entities, and affiliated entities prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c), which list shall be updated and published, at a minimum, every 6 months.

Any person, business entity, or affiliated entity prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c) shall notify the Gaming Board within 7 days after discovering any necessary change or addition to the information relating to that person, business entity, or affiliated entity contained in the list.

An individual who acts in good faith and in reliance on any information contained in the list shall not be subject to any penalties or liability imposed for a violation of this Section.

(e) If any provision of this Section is held invalid or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect the other provisions or applications of this Section that can be given effect without the invalid application or provision.

ARTICLE 90.

Section 90-1. Findings. The General Assembly makes all of the following findings:

- (1) That the cumulative reduction to pre-K through 12 education funding since 2009 is approximately \$861,000,000.
- (2) That during the last 2 years, general state aid to Illinois common schools has been underfunded as a result of budget cuts, resulting in pro-rated payments to school districts that are less than the foundational level of \$6,119 per pupil, which represents the minimum each pupil needs to be educated.
- (3) That a significant infusion of new revenue is necessary in order to fully fund the foundation level and to maintain and support education in Illinois.

[March 6, 2013]

(4) That the decline of the Illinois horse racing and breeding program, a \$2.5 billion industry, would be reversed if this amendatory Act of the 98th General Assembly would be enacted.

(5) That the Illinois horse racing industry is on the verge of extinction due to fierce competition from fully developed horse racing and gaming operations in other states.

(6) That allowing the State's horse racing venues, currently licensed gaming destinations, to maximize their capacities with gaming machines, would generate up to \$120 million to \$200 million for the State in the form of extra licensing fees, plus an additional \$100 million to \$300 million in recurring annual tax revenue for the State to help ensure that school, road, and other building projects promised under the capital plan occur on schedule.

(7) That Illinois agriculture and other businesses that support and supply the horse racing industry, already a sector that employs over 37,000 Illinoisans, also stand to substantially benefit and would be much more likely to create additional jobs should Illinois horse racing once again become competitive with other states.

(8) That by keeping these projects on track, the State can be sure that significant job and economic growth will in fact result from the previously enacted legislation.

(9) That gaming machines at Illinois horse racing tracks would create an estimated 1,200 to 1,500 permanent jobs, and an estimated capital investment of up to \$200 million to \$400 million at these race tracks would prompt additional trade organization jobs necessary to construct new facilities or remodel race tracks to operate electronic gaming.

Section 90-2. The Illinois Administrative Procedure Act is amended by changing Section 5-45 as follows:

(5 ILCS 100/5-45) (from Ch. 127, par. 1005-45)

Sec. 5-45. Emergency rulemaking.

(a) "Emergency" means the existence of any situation that any agency finds reasonably constitutes a threat to the public interest, safety, or welfare.

(b) If any agency finds that an emergency exists that requires adoption of a rule upon fewer days than is required by Section 5-40 and states in writing its reasons for that finding, the agency may adopt an emergency rule without prior notice or hearing upon filing a notice of emergency rulemaking with the Secretary of State under Section 5-70. The notice shall include the text of the emergency rule and shall be published in the Illinois Register. Consent orders or other court orders adopting settlements negotiated by an agency may be adopted under this Section. Subject to applicable constitutional or statutory provisions, an emergency rule becomes effective immediately upon filing under Section 5-65 or at a stated date less than 10 days thereafter. The agency's finding and a statement of the specific reasons for the finding shall be filed with the rule. The agency shall take reasonable and appropriate measures to make emergency rules known to the persons who may be affected by them.

(c) An emergency rule may be effective for a period of not longer than 150 days, but the agency's authority to adopt an identical rule under Section 5-40 is not precluded. No emergency rule may be adopted more than once in any 24 month period, except that this limitation on the number of emergency rules that may be adopted in a 24 month period does not apply to (i) emergency rules that make additions to and deletions from the Drug Manual under Section 5-5.16 of the Illinois Public Aid Code or the generic drug formulary under Section 3.14 of the Illinois Food, Drug and Cosmetic Act, (ii) emergency rules adopted by the Pollution Control Board before July 1, 1997 to implement portions of the Livestock Management Facilities Act, (iii) emergency rules adopted by the Illinois Department of Public Health under subsections (a) through (i) of Section 2 of the Department of Public Health Act when necessary to protect the public's health, (iv) emergency rules adopted pursuant to subsection (n) of this Section, (v) emergency rules adopted pursuant to subsection (o) of this Section, or (vi) emergency rules adopted pursuant to subsection (c-5) of this Section. Two or more emergency rules having substantially the same purpose and effect shall be deemed to be a single rule for purposes of this Section.

(c-5) To facilitate the maintenance of the program of group health benefits provided to annuitants, survivors, and retired employees under the State Employees Group Insurance Act of 1971, rules to alter the contributions to be paid by the State, annuitants, survivors, retired employees, or any combination of those entities, for that program of group health benefits, shall be adopted as emergency rules. The adoption of those rules shall be considered an emergency and necessary for the public interest, safety, and welfare.

(d) In order to provide for the expeditious and timely implementation of the State's fiscal year 1999 budget, emergency rules to implement any provision of Public Act 90-587 or 90-588 or any other budget initiative for fiscal year 1999 may be adopted in accordance with this Section by the agency charged

with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (d). The adoption of emergency rules authorized by this subsection (d) shall be deemed to be necessary for the public interest, safety, and welfare.

(e) In order to provide for the expeditious and timely implementation of the State's fiscal year 2000 budget, emergency rules to implement any provision of this amendatory Act of the 91st General Assembly or any other budget initiative for fiscal year 2000 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (e). The adoption of emergency rules authorized by this subsection (e) shall be deemed to be necessary for the public interest, safety, and welfare.

(f) In order to provide for the expeditious and timely implementation of the State's fiscal year 2001 budget, emergency rules to implement any provision of this amendatory Act of the 91st General Assembly or any other budget initiative for fiscal year 2001 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (f). The adoption of emergency rules authorized by this subsection (f) shall be deemed to be necessary for the public interest, safety, and welfare.

(g) In order to provide for the expeditious and timely implementation of the State's fiscal year 2002 budget, emergency rules to implement any provision of this amendatory Act of the 92nd General Assembly or any other budget initiative for fiscal year 2002 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (g). The adoption of emergency rules authorized by this subsection (g) shall be deemed to be necessary for the public interest, safety, and welfare.

(h) In order to provide for the expeditious and timely implementation of the State's fiscal year 2003 budget, emergency rules to implement any provision of this amendatory Act of the 92nd General Assembly or any other budget initiative for fiscal year 2003 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (h). The adoption of emergency rules authorized by this subsection (h) shall be deemed to be necessary for the public interest, safety, and welfare.

(i) In order to provide for the expeditious and timely implementation of the State's fiscal year 2004 budget, emergency rules to implement any provision of this amendatory Act of the 93rd General Assembly or any other budget initiative for fiscal year 2004 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (i). The adoption of emergency rules authorized by this subsection (i) shall be deemed to be necessary for the public interest, safety, and welfare.

(j) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2005 budget as provided under the Fiscal Year 2005 Budget Implementation (Human Services) Act, emergency rules to implement any provision of the Fiscal Year 2005 Budget Implementation (Human Services) Act may be adopted in accordance with this Section by the agency charged with administering that provision, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (j). The Department of Public Aid may also adopt rules under this subsection (j) necessary to administer the Illinois Public Aid Code and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this subsection (j) shall be deemed to be necessary for the public interest, safety, and welfare.

(k) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2006 budget, emergency rules to implement any provision of this amendatory Act of the 94th General Assembly or any other budget initiative for fiscal year 2006 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative, except that the 24-month limitation on the adoption of emergency rules and the provisions of Sections 5-115 and 5-125 do not apply to rules adopted under this subsection (k). The Department of Healthcare and Family Services may also adopt rules under this subsection (k) necessary to administer the Illinois Public Aid Code, the Senior Citizens and Disabled Persons Property Tax Relief Act, the Senior Citizens and Disabled Persons Prescription Drug Discount Program Act (now the Illinois Prescription Drug Discount Program Act), and the Children's Health Insurance Program Act. The adoption of emergency rules authorized by this

subsection (k) shall be deemed to be necessary for the public interest, safety, and welfare.

(l) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2007 budget, the Department of Healthcare and Family Services may adopt emergency rules during fiscal year 2007, including rules effective July 1, 2007, in accordance with this subsection to the extent necessary to administer the Department's responsibilities with respect to amendments to the State plans and Illinois waivers approved by the federal Centers for Medicare and Medicaid Services necessitated by the requirements of Title XIX and Title XXI of the federal Social Security Act. The adoption of emergency rules authorized by this subsection (l) shall be deemed to be necessary for the public interest, safety, and welfare.

(m) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2008 budget, the Department of Healthcare and Family Services may adopt emergency rules during fiscal year 2008, including rules effective July 1, 2008, in accordance with this subsection to the extent necessary to administer the Department's responsibilities with respect to amendments to the State plans and Illinois waivers approved by the federal Centers for Medicare and Medicaid Services necessitated by the requirements of Title XIX and Title XXI of the federal Social Security Act. The adoption of emergency rules authorized by this subsection (m) shall be deemed to be necessary for the public interest, safety, and welfare.

(n) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2010 budget, emergency rules to implement any provision of this amendatory Act of the 96th General Assembly or any other budget initiative authorized by the 96th General Assembly for fiscal year 2010 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative. The adoption of emergency rules authorized by this subsection (n) shall be deemed to be necessary for the public interest, safety, and welfare. The rulemaking authority granted in this subsection (n) shall apply only to rules promulgated during Fiscal Year 2010.

(o) In order to provide for the expeditious and timely implementation of the provisions of the State's fiscal year 2011 budget, emergency rules to implement any provision of this amendatory Act of the 96th General Assembly or any other budget initiative authorized by the 96th General Assembly for fiscal year 2011 may be adopted in accordance with this Section by the agency charged with administering that provision or initiative. The adoption of emergency rules authorized by this subsection (o) is deemed to be necessary for the public interest, safety, and welfare. The rulemaking authority granted in this subsection (o) applies only to rules promulgated on or after the effective date of this amendatory Act of the 96th General Assembly through June 30, 2011.

(p) In order to provide for the expeditious and timely implementation of the provisions of Public Act 97-689 this amendatory Act of the 97th General Assembly, emergency rules to implement any provision of Public Act 97-689 this amendatory Act of the 97th General Assembly may be adopted in accordance with this subsection (p) by the agency charged with administering that provision or initiative. The 150-day limitation of the effective period of emergency rules does not apply to rules adopted under this subsection (p), and the effective period may continue through June 30, 2013. The 24-month limitation on the adoption of emergency rules does not apply to rules adopted under this subsection (p). The adoption of emergency rules authorized by this subsection (p) is deemed to be necessary for the public interest, safety, and welfare.

(q) In order to provide for the expeditious and timely implementation of Internet gaming, the Division of Internet Gaming may adopt emergency rules to implement the provisions of Section 7.18 of the Illinois Lottery Law. The adoption of emergency rules authorized by this subsection (q) shall be deemed to be necessary for the public interest, safety, and welfare.

(Source: P.A. 96-45, eff. 7-15-09; 96-958, eff. 7-1-10; 96-1500, eff. 1-18-11; 97-689, eff. 6-14-12; 97-695, eff. 7-1-12; revised 7-10-12.)

Section 90-3. The State Officials and Employees Ethics Act is amended by changing Sections 5-45 and 20-10 as follows:

(5 ILCS 430/5-45)

Sec. 5-45. Procurement; revolving door prohibition.

(a) No former officer, member, or State employee, or spouse or immediate family member living with such person, shall, within a period of one year immediately after termination of State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the officer, member, or State employee, during the year immediately preceding termination of State employment, participated personally and substantially in the award of State contracts, or the issuance of State contract change orders, with a cumulative value of \$25,000 or more to the person or entity, or its parent or subsidiary.

[March 6, 2013]

(b) No former officer of the executive branch or State employee of the executive branch with regulatory or licensing authority, or spouse or immediate family member living with such person, shall, within a period of one year immediately after termination of State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the officer or State employee, during the year immediately preceding termination of State employment, participated personally and substantially in making a regulatory or licensing decision that directly applied to the person or entity, or its parent or subsidiary.

(c) Within 6 months after the effective date of this amendatory Act of the 96th General Assembly, each executive branch constitutional officer and legislative leader, the Auditor General, and the Joint Committee on Legislative Support Services shall adopt a policy delineating which State positions under his or her jurisdiction and control, by the nature of their duties, may have the authority to participate personally and substantially in the award of State contracts or in regulatory or licensing decisions. The Governor shall adopt such a policy for all State employees of the executive branch not under the jurisdiction and control of any other executive branch constitutional officer.

The policies required under subsection (c) of this Section shall be filed with the appropriate ethics commission established under this Act or, for the Auditor General, with the Office of the Auditor General.

(d) Each Inspector General shall have the authority to determine that additional State positions under his or her jurisdiction, not otherwise subject to the policies required by subsection (c) of this Section, are nonetheless subject to the notification requirement of subsection (f) below due to their involvement in the award of State contracts or in regulatory or licensing decisions.

(e) The Joint Committee on Legislative Support Services, the Auditor General, and each of the executive branch constitutional officers and legislative leaders subject to subsection (c) of this Section shall provide written notification to all employees in positions subject to the policies required by subsection (c) or a determination made under subsection (d): (1) upon hiring, promotion, or transfer into the relevant position; and (2) at the time the employee's duties are changed in such a way as to qualify that employee. An employee receiving notification must certify in writing that the person was advised of the prohibition and the requirement to notify the appropriate Inspector General in subsection (f).

(f) Any State employee in a position subject to the policies required by subsection (c) or to a determination under subsection (d), but who does not fall within the prohibition of subsection (h) below, who is offered non-State employment during State employment or within a period of one year immediately after termination of State employment shall, prior to accepting such non-State employment, notify the appropriate Inspector General. Within 10 calendar days after receiving notification from an employee in a position subject to the policies required by subsection (c), such Inspector General shall make a determination as to whether the State employee is restricted from accepting such employment by subsection (a) or (b). In making a determination, in addition to any other relevant information, an Inspector General shall assess the effect of the prospective employment or relationship upon decisions referred to in subsections (a) and (b), based on the totality of the participation by the former officer, member, or State employee in those decisions. A determination by an Inspector General must be in writing, signed and dated by the Inspector General, and delivered to the subject of the determination within 10 calendar days or the person is deemed eligible for the employment opportunity. For purposes of this subsection, "appropriate Inspector General" means (i) for members and employees of the legislative branch, the Legislative Inspector General; (ii) for the Auditor General and employees of the Office of the Auditor General, the Inspector General provided for in Section 30-5 of this Act; and (iii) for executive branch officers and employees, the Inspector General having jurisdiction over the officer or employee. Notice of any determination of an Inspector General and of any such appeal shall be given to the ultimate jurisdictional authority, the Attorney General, and the Executive Ethics Commission.

(g) An Inspector General's determination regarding restrictions under subsection (a) or (b) may be appealed to the appropriate Ethics Commission by the person subject to the decision or the Attorney General no later than the 10th calendar day after the date of the determination.

On appeal, the Ethics Commission or Auditor General shall seek, accept, and consider written public comments regarding a determination. In deciding whether to uphold an Inspector General's determination, the appropriate Ethics Commission or Auditor General shall assess, in addition to any other relevant information, the effect of the prospective employment or relationship upon the decisions referred to in subsections (a) and (b), based on the totality of the participation by the former officer, member, or State employee in those decisions. The Ethics Commission shall decide whether to uphold an Inspector General's determination within 10 calendar days or the person is deemed eligible for the employment opportunity.

(h) The following officers, members, or State employees shall not, within a period of one year

immediately after termination of office or State employment, knowingly accept employment or receive compensation or fees for services from a person or entity if the person or entity or its parent or subsidiary, during the year immediately preceding termination of State employment, was a party to a State contract or contracts with a cumulative value of \$25,000 or more involving the officer, member, or State employee's State agency, or was the subject of a regulatory or licensing decision involving the officer, member, or State employee's State agency, regardless of whether he or she participated personally and substantially in the award of the State contract or contracts or the making of the regulatory or licensing decision in question:

- (1) members or officers;
- (2) members of a commission or board created by the Illinois Constitution;
- (3) persons whose appointment to office is subject to the advice and consent of the Senate;
- (4) the head of a department, commission, board, division, bureau, authority, or other administrative unit within the government of this State;
- (5) chief procurement officers, State purchasing officers, and their designees whose duties are directly related to State procurement; ~~and~~
- (6) chiefs of staff, deputy chiefs of staff, associate chiefs of staff, assistant chiefs of staff, and deputy governors; -
- (7) employees of the Illinois Racing Board; and
- (8) employees of the Illinois Gaming Board.

(i) For the purposes of this Section, with respect to officers or employees of a regional transit board, as defined in this Act, the phrase "person or entity" does not include: (i) the United States government, (ii) the State, (iii) municipalities, as defined under Article VII, Section 1 of the Illinois Constitution, (iv) units of local government, as defined under Article VII, Section 1 of the Illinois Constitution, or (v) school districts.

(Source: P.A. 96-555, eff. 8-18-09; 97-653, eff. 1-13-12.)

(5 ILCS 430/20-10)

Sec. 20-10. Offices of Executive Inspectors General.

(a) Six ~~Five~~ independent Offices of the Executive Inspector General are created, one each for the Governor, the Attorney General, the Secretary of State, the Comptroller, and the Treasurer and one for gaming activities. Each Office shall be under the direction and supervision of an Executive Inspector General and shall be a fully independent office with separate appropriations.

(b) The Governor, Attorney General, Secretary of State, Comptroller, and Treasurer shall each appoint an Executive Inspector General, and the Governor shall appoint an Executive Inspector General for gaming activities. Each appointment must be made without regard to political affiliation and solely on the basis of integrity and demonstrated ability. Appointments shall be made by and with the advice and consent of the Senate by three-fifths of the elected members concurring by record vote. Any nomination not acted upon by the Senate within 60 session days of the receipt thereof shall be deemed to have received the advice and consent of the Senate. If, during a recess of the Senate, there is a vacancy in an office of Executive Inspector General, the appointing authority shall make a temporary appointment until the next meeting of the Senate when the appointing authority shall make a nomination to fill that office. No person rejected for an office of Executive Inspector General shall, except by the Senate's request, be nominated again for that office at the same session of the Senate or be appointed to that office during a recess of that Senate.

Nothing in this Article precludes the appointment by the Governor, Attorney General, Secretary of State, Comptroller, or Treasurer of any other inspector general required or permitted by law. The Governor, Attorney General, Secretary of State, Comptroller, and Treasurer each may appoint an existing inspector general as the Executive Inspector General required by this Article, provided that such an inspector general is not prohibited by law, rule, jurisdiction, qualification, or interest from serving as the Executive Inspector General required by this Article. An appointing authority may not appoint a relative as an Executive Inspector General.

Each Executive Inspector General shall have the following qualifications:

- (1) has not been convicted of any felony under the laws of this State, another State, or the United States;
- (2) has earned a baccalaureate degree from an institution of higher education; and
- (3) has 5 or more years of cumulative service (A) with a federal, State, or local law enforcement agency, at least 2 years of which have been in a progressive investigatory capacity; (B) as a federal, State, or local prosecutor; (C) as a senior manager or executive of a federal, State, or local agency; (D) as a member, an officer, or a State or federal judge; or (E) representing any combination

of (A) through (D).

The term of each initial Executive Inspector General shall commence upon qualification and shall run through June 30, 2008. The initial appointments shall be made within 60 days after the effective date of this Act.

After the initial term, each Executive Inspector General shall serve for 5-year terms commencing on July 1 of the year of appointment and running through June 30 of the fifth following year. An Executive Inspector General may be reappointed to one or more subsequent terms.

A vacancy occurring other than at the end of a term shall be filled by the appointing authority only for the balance of the term of the Executive Inspector General whose office is vacant.

Terms shall run regardless of whether the position is filled.

(c) The Executive Inspector General appointed by the Attorney General shall have jurisdiction over the Attorney General and all officers and employees of, and vendors and others doing business with, State agencies within the jurisdiction of the Attorney General. The Executive Inspector General appointed by the Secretary of State shall have jurisdiction over the Secretary of State and all officers and employees of, and vendors and others doing business with, State agencies within the jurisdiction of the Secretary of State. The Executive Inspector General appointed by the Comptroller shall have jurisdiction over the Comptroller and all officers and employees of, and vendors and others doing business with, State agencies within the jurisdiction of the Comptroller. The Executive Inspector General appointed by the Treasurer shall have jurisdiction over the Treasurer and all officers and employees of, and vendors and others doing business with, State agencies within the jurisdiction of the Treasurer. The Executive Inspector General appointed by the Governor shall have jurisdiction over (i) the Governor, (ii) the Lieutenant Governor, (iii) all officers and employees of, and vendors and others doing business with, executive branch State agencies under the jurisdiction of the Executive Ethics Commission and not within the jurisdiction of the Attorney General, the Secretary of State, the Comptroller, or the Treasurer, or the Executive Inspector General for gaming activities, and (iv) all board members and employees of the Regional Transit Boards and all vendors and others doing business with the Regional Transit Boards. The Executive Inspector General for gaming activities appointed by the Governor has jurisdiction over the Illinois Gaming Board, all officers and employees of the Illinois Gaming Board, and all activities of the Illinois Gaming Board.

The jurisdiction of each Executive Inspector General is to investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violations of this Act or violations of other related laws and rules.

(d) The compensation for each Executive Inspector General shall be determined by the Executive Ethics Commission and shall be made from appropriations made to the Comptroller for this purpose. Subject to Section 20-45 of this Act, each Executive Inspector General has full authority to organize his or her Office of the Executive Inspector General, including the employment and determination of the compensation of staff, such as deputies, assistants, and other employees, as appropriations permit. A separate appropriation shall be made for each Office of Executive Inspector General.

(e) No Executive Inspector General or employee of the Office of the Executive Inspector General may, during his or her term of appointment or employment:

- (1) become a candidate for any elective office;
- (2) hold any other elected or appointed public office except for appointments on governmental advisory boards or study commissions or as otherwise expressly authorized by law;
- (3) be actively involved in the affairs of any political party or political organization; or
- (4) advocate for the appointment of another person to an appointed or elected office or position or actively participate in any campaign for any elective office.

In this subsection an appointed public office means a position authorized by law that is filled by an appointing authority as provided by law and does not include employment by hiring in the ordinary course of business.

(e-1) No Executive Inspector General or employee of the Office of the Executive Inspector General may, for one year after the termination of his or her appointment or employment:

- (1) become a candidate for any elective office;
- (2) hold any elected public office; or
- (3) hold any appointed State, county, or local judicial office.

(e-2) The requirements of item (3) of subsection (e-1) may be waived by the Executive Ethics Commission.

(f) An Executive Inspector General may be removed only for cause and may be removed only by the appointing ~~constitutional~~ officer. At the time of the removal, the appointing ~~constitutional~~ officer must

[March 6, 2013]

report to the Executive Ethics Commission the justification for the removal.
(Source: P.A. 96-555, eff. 8-18-09; 96-1528, eff. 7-1-11.)

Section 90-5. The Alcoholism and Other Drug Abuse and Dependency Act is amended by changing Section 5-20 as follows:

(20 ILCS 301/5-20)

Sec. 5-20. Compulsive gambling program.

(a) Subject to appropriation, the Department shall establish a program for public education, research, and training regarding problem and compulsive gambling and the treatment and prevention of problem and compulsive gambling. Subject to specific appropriation for these stated purposes, the program must include all of the following:

(1) Establishment and maintenance of a toll-free "800" telephone number to provide crisis counseling and referral services to families experiencing difficulty as a result of problem or compulsive gambling.

(2) Promotion of public awareness regarding the recognition and prevention of problem and compulsive gambling.

(3) Facilitation, through in-service training and other means, of the availability of effective assistance programs for problem and compulsive gamblers.

(4) Conducting studies to identify adults and juveniles in this State who are, or who are at risk of becoming, problem or compulsive gamblers.

(b) Subject to appropriation, the Department shall either establish and maintain the program or contract with a private or public entity for the establishment and maintenance of the program. Subject to appropriation, either the Department or the private or public entity shall implement the toll-free telephone number, promote public awareness, and conduct in-service training concerning problem and compulsive gambling.

(c) Subject to appropriation, the Department shall produce and supply the signs specified in Section 10.7 of the Illinois Lottery Law, Section 34.1 of the Illinois Horse Racing Act of 1975, Section 4.3 of the Bingo License and Tax Act, Section 8.1 of the Charitable Games Act, and Section 13.1 of the Illinois Riverboat Gambling Act.

(Source: P.A. 89-374, eff. 1-1-96; 89-626, eff. 8-9-96.)

Section 90-8. The Illinois Lottery Law is amended by changing Sections 2 and 9.1 and by adding Section 7.18 as follows:

(20 ILCS 1605/2) (from Ch. 120, par. 1152)

Sec. 2. (a) This Act is enacted to implement and establish within the State a lottery to be conducted by the State through the Department. The entire net proceeds of the Lottery are to be used for the support of the State's Common School Fund, except as provided in subsection (o) of Section 9.1 and Sections 21.2, 21.5, 21.6, 21.7, and 21.8. The General Assembly finds that it is in the public interest for the Department to conduct the functions of the Lottery with the assistance of a private manager under a management agreement overseen by the Department. The Department shall be accountable to the General Assembly and the people of the State through a comprehensive system of regulation, audits, reports, and enduring operational oversight. The Department's ongoing conduct of the Lottery through a management agreement with a private manager shall act to promote and ensure the integrity, security, honesty, and fairness of the Lottery's operation and administration. It is the intent of the General Assembly that the Department shall conduct the Lottery with the assistance of a private manager under a management agreement at all times in a manner consistent with 18 U.S.C. 1307(a)(1), 1307(b)(1), 1953(b)(4).

(b) It is further the intent of the General Assembly that the Division of Internet Gaming of the Department shall administer and regulate Internet wagering at all times in a manner consistent with the applicable provisions of State and federal law pursuant to Section 7.18 of this Law.

(Source: P.A. 95-331, eff. 8-21-07; 95-673, eff. 10-11-07; 95-674, eff. 10-11-07; 95-876, eff. 8-21-08; 96-34, eff. 7-13-09.)

(20 ILCS 1605/7.18 new)

Sec. 7.18. Internet gaming; Division of Internet Gaming; powers.

(a) The General Assembly finds that the Internet has become an integral part of everyday life for a significant number of Illinois residents, not only in regards to their professional life, but also in regards to personal business and communication. Internet wagering on games of chance and games of skill is a core form of entertainment for millions of individuals worldwide. In multiple jurisdictions across the world, Internet gaming is legal, regulated, and taxed, generating billions of dollars in revenue for governments.

[March 6, 2013]

The General Assembly further finds that Illinois residents participate in illegal on-line gambling on unregulated Internet websites operated by offshore operators who are not subject to regulation or taxation in the United States. Neither federal nor Illinois laws provide sufficient consumer protections for Illinois residents who play games of chance or skill on these illegal websites, nor does the State realize any benefits from the revenues generated nor jobs created by illegal on-line gaming.

In an opinion dated September 20, 2011, the United States Department of Justice reversed its previous interpretation of the federal Wire Act, 18 U.S.C. 1804, allowing states, subject to certain restrictions, to legalize and regulate Internet gaming and capture the revenue for the benefit of state governments. The Department of Justice's opinion was prompted in part by a request made by the Department pursuant to Public Act 96-34. In order to protect Illinois residents who wager on games of chance and skill through the Internet, and to capture revenues and create jobs generated from Internet gaming, it is in the best interest of the State and its citizens to regulate this activity by authorizing and establishing a secure, responsible, fair, and legal system of Internet gaming that complies with the United States Department of Justice's September 2011 opinion concerning the federal Wire Act.

The General Assembly additionally finds that pursuant to the federal Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA), 31 U.S.C. 5301, the provisions of this Section are consistent and comply with the UIGEA and specifically authorize use of the Internet to place, receive, or otherwise knowingly transmit a bet or wager where Internet wagering complies with this Section and rules adopted pursuant to this Section.

(b) As used in this Section:

"Authorized participant" means a person who has a valid Internet wagering account with an Internet gaming licensee and is at least 21 years of age.

"Division" means the Division of Internet Gaming within the Department of the Lottery.

"Fee-based game" means a game determined by the Division to be a fee-based game, where the Internet gaming licensee charges a fee, rake, or commission for operating the game.

"Gross fee-based gaming revenue" means the fee, rake, or commission charged by the Internet gaming licensee for operation of fee-based games.

"Gross gaming revenue" is the aggregate of gross fee-based gaming revenue and gross non-fee-based gaming revenue.

"Gross non-fee-based gaming revenue" means the aggregate of the amount of net wins received on all non-fee-based games.

"Internet" means the international computer network of interoperable packet-switched data networks, inclusive of such additional technological platforms as mobile, satellite, and other electronic distribution channels approved by the Division.

"Internet game" means a fee-based or non-fee-based game of skill or chance that is offered by an Internet gaming licensee, as authorized by the Division. "Internet game" also includes gaming tournaments conducted via the Internet in which players compete against one another in one or more of the games authorized in this definition or by the Division or in approved variations or composites as authorized by the Division.

"Internet gaming licensee" means a person, corporation, partnership, or other entity receiving an Internet gaming license from the Division to conduct Internet wagering.

"Internet gaming platform" means an interactive set of related data networks controlled by an Internet gaming licensee for the purpose of offering wagering on Internet games to authorized participants.

"Internet gaming vendor" means any person, corporation, partnership, or other entity that is certified by the Division to provide or offer to provide goods, software, or services to an Internet gaming licensee, including any goods, software, or services related to or supporting: (i) the acceptance, testing, auditing, management, operation, support, administration, or control of Internet wagers, Internet games, Internet wagering accounts, or Internet gaming platforms or (ii) the management, operation, administration, or control of payment processing systems. The Division shall have the sole and exclusive jurisdiction to determine what persons, corporations, partnerships, or other entities require certification pursuant to this Act and the rules adopted pursuant to this Act. Notwithstanding this definition, the licensing of trademarks, names, likenesses, graphics, or other images, without more, shall not render a licensor of such intellectual property an Internet gaming vendor.

"Internet wagering" means the placing of wagers with an Internet gaming licensee by persons who are either physically present in Illinois when placing a wager or otherwise permitted to place a wager by law. The intermediate routing of electronic data in connection with Internet wagering (including across state lines) shall not determine the location or locations in which a wager is initiated, received, or otherwise made.

"Internet wagering account" means an electronic ledger wherein the following types of transactions

relative to the Internet gaming platform are recorded: (i) deposits; (ii) withdrawals; (iii) amounts wagered; (iv) amounts paid on winning wagers; (v) service or other transaction-related charges authorized by the patron, if any; (vi) adjustments to the account; and (vii) any other information required by the Division.

"Net wins" means the amount of Internet wagers received by the Internet gaming licensee on non-fee based games less the amount paid by the Internet gaming licensee as winnings on that non-fee based game.

"Non-fee-based game" means a game determined by the Division to be a non-fee-based game, where (i) the player plays against the Internet gaming licensee and (ii) the Internet gaming licensee is banking the game and its bottom line is affected by players' wins and losses.

(c) Internet wagering, as defined in this Section, is hereby authorized to the extent that it is carried out in accordance with the provisions of this Section.

(d) The Division of Internet Gaming is established within the Department of the Lottery and shall have all powers and duties as specified in this Section and all other powers necessary and proper to enable it to fully and effectively execute the provisions of this Section for the purpose of administering, regulating, and enforcing the system of Internet gaming established by this Section. The Division of Internet Gaming's jurisdiction shall extend under this Section to every person, corporation, partnership, or other entity involved in Internet gaming operations. To the extent consistent with the provisions of this Section, the Division shall be subject to and governed by provisions of this Article and all of the laws and rules applicable to the Department. The Division shall not be subject to any private management agreement established pursuant to Section 9.1 of this Act. The Division of Internet Gaming is also authorized to enter into agreements with other gaming entities, including foreign entities, for the purpose of facilitating, administering, and regulating multijurisdiction Internet gaming to the extent consistent with State and federal laws and the laws of any foreign jurisdiction, if such jurisdiction is a party to the multijurisdictional agreement. The Division shall not authorize, administer, or otherwise maintain a system for offering wagering on any amateur or professional sporting event or contest, unless doing so is consistent with State and federal laws. Further, notwithstanding any other provision of this Section, wagers may be accepted from persons who are not physically present in this State if the Division determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a multijurisdictional agreement that is not inconsistent with federal law to which this State is a party. The Division shall be funded with moneys appropriated to the Department of the Lottery.

(e) The Division of Internet Gaming is authorized to issue Internet gaming licenses to persons, firms, partnerships, or corporations that apply for such licensure upon a determination by the Division that the applicant is eligible for an Internet gaming license pursuant to this Section and rules adopted by the Division. An Internet gaming license issued pursuant to this Section shall be valid for a period of 5 years after the date of issuance and shall be renewable thereafter for an additional 5 years based on a determination by the Division that the licensee continues to meet all the requirements of this Section and the Division's rules. Notwithstanding any other law to the contrary, any assignment or transfer of an interest in an Internet gaming license, or a greater than 10% interest (direct or indirect) in any entity holding such a license, is subject to the written approval by the Division. Approved transferees are subject to a \$250,000 non-refundable application fee. Eligibility for application for an Internet gaming license shall be limited to the following: (i) any person or entity that holds a valid and unrevoked owners license issued pursuant to the Illinois Gambling Act; (ii) any person or entity that holds a valid and unrevoked electronic gaming license issued pursuant to the Illinois Gambling Act; and (iii) any person or entity that holds a valid and unrevoked advance deposit wagering license issued pursuant to the Illinois Horse Racing Act of 1975. No Internet gaming license shall be granted to any applicant who has accepted wagers via the Internet in contravention of this Section or United States law in the 10 years preceding the application date.

A qualified applicant may apply to the Division for an Internet gaming license to offer wagering on Internet games as provided in this Act. The application shall be made on forms provided by the Division and shall contain such information as the Division prescribes, including, but not limited to, detailed information regarding the ownership and management of the applicant, detailed personal information regarding the applicant, financial information regarding the applicant, and the gaming history and experience of the applicant in the United States and other jurisdictions. Each application shall be accompanied by a non-refundable application fee of \$250,000. An incomplete application shall be cause for denial of a license by the Division.

All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the Division in the course of its review or investigation of an application for an Internet gaming

[March 6, 2013]

license or a renewal under this Section shall be strictly confidential and used only for the purpose of evaluating an applicant for a license or a renewal. Notwithstanding any law to the contrary, such information is not subject to the requirements of the Freedom of Information Act.

Any person, association, corporation, partnership, or entity who (i) knowingly makes materially false statements in order to obtain an Internet gaming license; (ii) knowingly advertises within the State of Illinois any game, product, or feature that is not authorized by his or her license; or (iii) violates any other provision of this Section, or any rule adopted pursuant to this Section, is guilty of a Class B misdemeanor. A person, association, corporation, partnership, or entity who commits a second or subsequent violation commits a Class A misdemeanor. In the case of an association, corporation, partnership, or entity, imprisonment may be imposed upon its officers who knowingly participated in the violation.

An application shall be filed and considered in accordance with the rules of the Division. The Division shall adopt rules to effectuate the provisions of this subsection (e) within 30 days after the effective date of this amendatory Act of the 98th General Assembly.

A license fee of \$20,000,000 shall be paid to the Division by an Internet gaming licensee at the time of issuance of the license. All application and license fees shall be deposited into the State Lottery Fund. The license fee imposed by this subsection (e) shall constitute an advance payment of Internet wagering taxes owed by the Internet gaming licensee pursuant to subsection (m) of this Section.

(f) The Division is authorized to certify Internet gaming vendors to provide goods, software, or services to Internet gaming licensees. Certification by the Division of an Internet gaming vendor shall be for a period of 5 years and shall be renewable thereafter for an additional 5 years based on a determination by the Division that the Internet gaming vendor continues to meet all the requirements of this Section and the Division's rules.

A person, corporation, partnership, or other entity may apply to the Division to become an Internet gaming vendor as provided in this Act and the rules of the Division. The application shall be made on forms provided by the Division and shall contain such information as the Division prescribes, including, but not limited to, detailed information regarding the ownership and management of the applicant, detailed personal information regarding the applicant, financial information regarding the applicant, and the gaming history and experience of the applicant in the United States and other jurisdictions. Each application shall be accompanied by a non-refundable application fee, such application fee to be determined by the Division, but shall not exceed \$250,000. An incomplete application shall be cause for denial of certification. No certification shall be granted to an Internet gaming vendor who has accepted wagers via the Internet in contravention of this Act or in contravention of the any law of the United States.

All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the Division in the course of its review or investigation of an application for certification as an Internet gaming vendor shall be strictly confidential and shall only be used for the purpose of evaluating an applicant for a certification. Notwithstanding any law to the contrary, such information is not subject to the requirements of the Freedom of Information Act.

Any person, association, corporation, partnership, or entity who (i) knowingly makes materially false statements in order to obtain certification as an Internet gaming vendor or (ii) violates any other provision of this Section, or any rule adopted pursuant to this Section, is guilty of a Class B misdemeanor. A person, association, corporation, partnership, or entity who commits a second or subsequent violation commits a Class A misdemeanor. In the case of an association, corporation, partnership, or entity, imprisonment may be imposed upon its officers who knowingly participated in the violation.

(g) The Division shall have all the powers necessary or desirable to effectuate the provisions of this Section, including, but not limited to, the following powers:

(1) To develop qualifications, standards, and procedures for approval and licensure of Internet gaming licensees and certification of Internet gaming vendors.

(2) To decide promptly and in reasonable order all license applications and to approve, deny, suspend, revoke, restrict, or refuse to renew Internet gaming licenses and Internet gaming vendor certifications. Any party aggrieved by an action of the Division denying, suspending, revoking, restricting, or refusing to renew a license may request a hearing before the Division. A request for hearing must be made to the Division in writing within 5 days after service of notice of the action by the Division. Notice of action by the Division shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be deemed complete on the business day following the date of such mailing. The Division shall conduct all requested hearings promptly and in reasonable order.

(3) To conduct all hearings pertaining to civil violations of this Section or rules adopted pursuant to this Section. Such hearings shall be governed by Section 8 of this Act. The Division shall further adopt hearing rules and procedures for conducting hearings pursuant to this Section. In such hearings, reproduced copies of any of the Division's records relating to an Internet gaming licensee or Internet gaming vendor, including (i) any notices prepared in the Division's ordinary course of business and (ii) any books, records, or other documents offered in the name of the Division under certificate of the Executive Director, or any officer or employee of the Division designated in writing by the Executive Director, shall, without further proof, be admitted into evidence in any hearing before the hearing officers or any legal proceeding and shall be prima facie proof of the information contained therein.

The Office of the Attorney General shall prosecute all criminal violations of this Section or rules adopted pursuant to this Section.

(4) To provide for the establishment and collection of all license and certification fees and taxes imposed by this Section and the rules adopted pursuant to this Section. All such fees and taxes shall be deposited into the State Lottery Fund.

(5) To develop and enforce testing, audit, and certification requirements and schedules for Internet gaming platforms, Internet wagering, and Internet wagering accounts, including, without limitation, age and identification verification software, geolocation software, Internet games, and gaming hub software.

(6) To develop and enforce requirements for responsible gaming and player protection, including privacy and confidentiality standards and duties.

(7) To develop and enforce requirements for accepting Internet wagers, Internet wagering accounts, and authorized participants and minimum insurance requirements.

(8) To develop and promote standards governing contracts between Internet gaming licensees and the payments industry.

(9) To develop and enforce standards and requirements regarding anti-fraud, anti-money laundering, and anti-collusion methods.

(10) To develop protocols related to the security of and disputes arising over Internet wagers and Internet wagering accounts.

(11) To be present through its inspectors and agents upon the premises of any location where Internet gaming operations are conducted by an Internet gaming licensee or where components of an Internet gaming licensee's Internet gaming platform are located, housed, or otherwise maintained.

(12) To adopt by rule a code of conduct governing Division employees that ensures, to the maximum extent possible, that persons subject to this Section avoid situations, relationships, or associations that may represent or lead to an actual or perceived conflict of interest.

(13) To develop and administer civil penalties for Internet gaming licensees and Internet gaming vendors who violate this Section or the rules adopted pursuant to this Section.

(14) To audit and inspect, on reasonable notice, books and records relevant to Internet gaming operations, Internet wagers, Internet wagering accounts, Internet games, or Internet gaming platforms, including without limitation, those books and records regarding financing or accounting, marketing or operational materials, or any other such materials held by or in the custody of any Internet gaming licensee or Internet gaming vendor. The Division may assert such authority by administrative subpoena, which may further set forth relevant document requests and interrogatories, and which shall be enforceable in the Circuit Court of Cook County in the State of Illinois.

(15) To determine whether an Internet game is a fee-based game or non-fee-based game.

(16) To acquire or lease real property and make improvements thereon and acquire by lease or by purchase personal property, including, but not limited to:

(A) computers hardware;

(B) mechanical, electronic, and online equipment and terminals; and

(C) intangible property, including, but not limited to, computer programs, software, and systems.

(h) The Division shall adopt and enforce such rules governing the administration and conduct of Internet gaming as it deems necessary to carry out the purpose of this Section. These rules shall be subject to the provisions of the Illinois Administrative Procedure Act and may include, but shall not be limited to:

(1) the types of Internet games to be offered;

(2) price points for Internet games;

(3) player fees and percentage of rake commission or other fee for Internet games;

(4) forms of payment accepted for Internet games;

(5) the number, type, and amount of prizes for Internet games;

(6) the method of selecting winners and validating winnings;

(7) the frequency of Internet games;

(8) responsible gaming;

(9) technical and financial standards for Internet wagering, Internet wagering accounts, and Internet gaming platforms, systems, and software or other electronic components for Internet gaming;

(10) such other matters necessary or desirable for the efficient and economical operation and administration of Internet gaming and for the convenience of authorized Internet gaming participants and Internet gaming licensees and certified Internet gaming vendors.

(i) Notwithstanding any law to the contrary, the Superintendent of the Lottery shall hire an Executive Director who shall be responsible to the Superintendent and shall serve subject only to removal by the Superintendent for incompetence, neglect of duty, or malfeasance in office. The Executive Director shall be responsible for the supervision and direction of the Division staff and for the necessary administrative activities of the Division, subject only to the direction and approval of the Superintendent notwithstanding any law to the contrary.

Notwithstanding any law to the contrary, the Executive Director shall hire and employ employees as may be necessary to carry out the provisions of this Law or to perform the duties and exercise the powers conferred by law upon the Division. All employees of the Division shall receive the compensation fixed by the Executive Director, subject only to the Superintendent. The Superintendent, Executive Director, and Division employees shall be reimbursed for all actual and necessary traveling and other expenses and disbursements necessarily incurred or made by them in the discharge of their official duties. The Superintendent and Executive Director may also incur necessary expenses for office space, furniture, stationery, printing, operations, and other incidental expenses.

The Executive Director shall report monthly to the Superintendent and the Lottery Control Board a full and complete statement of Internet gaming revenues, other expenses for each month, and the amounts to be transferred to the State Lottery Fund pursuant to this Section. The Executive Director shall also make an annual report, which shall include a full and complete statement of Internet gaming revenues and other expenses, to the Superintendent, the Governor, and the Board. All reports required by this subsection shall be public and copies of all such reports shall be sent to the Speaker of the House of Representatives, the President of the Senate, the Minority Leader of the House of Representatives, and the Minority Leader of the Senate.

Subject to appropriation, the Executive Director shall continue to apprise himself or herself as to: (i) the operation and the administration of similar Internet gaming laws that may be in effect in other states or countries; (ii) any relevant literature on Internet gaming that from time to time may be published or available; (iii) any federal laws and regulations that may affect the operation of Internet gaming; and (iv) the reaction of Illinois citizens to existing and potential features of Internet gaming with a view to recommending or effecting changes that will tend to serve the purposes of this Section.

(j) An Internet gaming licensee's Internet gaming platform shall provide one or more mechanisms to reasonably verify that a participant is 21 years of age or older and that wagering on Internet games is limited to transactions that are initiated and received or otherwise made exclusively within the State of Illinois. A participant must satisfy the verification requirements before he or she may establish an Internet gaming account and wager on Internet games offered by Internet gaming licensees. Further, all servers on which any Internet games are operated and conducted (and all underlying material technology) shall be located in the State of Illinois, unless the Division has otherwise authorized another location. At such a time that a legally compliant mechanism is established to permit wagering on Internet games by individuals physically located outside of the State, the Division may adopt rules and procedures to allow and govern wagering by those individuals and shall have the authority to enter into multijurisdictional agreements and related and ancillary agreements in order to effectuate such wagering. An Internet gaming licensee's Internet gaming platform shall also provide mechanisms designed to detect and prevent the unauthorized use of Internet wagering accounts and to detect and prevent fraud, money laundering, and collusion. If any participant in Internet gaming violates any provisions of this Section or rule adopted by the Division, then the participant's winnings shall be forfeited. Any forfeited winnings shall be deposited into the State Lottery Fund.

The following persons shall not be authorized to establish Internet gaming accounts or wager on Internet games offered by Internet gaming licensees, except where required and authorized by the Division for testing purposes or to otherwise fulfill the purposes set forth in this Act: (i) any minor under 21 years of age; (ii) any current member of the Lottery Control Board; (iii) any current officer or other person employed by the Department of the Lottery, the Division of Internet Gaming, the Illinois Racing Board, or the Illinois Gaming Board; (iv) any spouse, civil union partner, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of any persons identified in (ii) or (iii); and (v) any individual whose name appears in the Division's responsible gaming database.

(k) The Division shall develop responsible gaming measures, including a statewide responsible

gaming database identifying individuals who shall be prohibited from establishing an Internet wagering account or participating in Internet gaming offered by an Internet gaming licensee. The Executive Director may place a person on the responsible gaming database if that person (i) has been convicted in any jurisdiction of a felony, any crime of moral turpitude, or a crime involving gaming; (ii) has violated this Act, the Illinois Horse Racing Act of 1975, the Riverboat Gambling Act, the Raffles Act, the Illinois Pull Tabs and Jar Games Act, the Bingo License and Tax Act, the Charitable Games Act, or the Video Gaming Act; (iii) has performed any act or had a notorious or unsavory reputation that would adversely affect public confidence and trust in gaming; or (iv) has his or her name on any valid and current exclusion list from another jurisdiction in the United States or foreign jurisdiction. By rule, the Division shall adopt procedures for the establishment and maintenance of the responsible gaming database. The Illinois Gaming Board, the Illinois Racing Board, and the Department of the Lottery shall, in a format specified by the Division, provide the Division with names of individuals to be included in the responsible gaming database. The Division may impose reasonable fees on persons authorized to access and use the responsible gaming database.

An Internet gaming licensee's Internet gaming platform shall offer in a clear, conspicuous, and accessible manner, responsible gambling services and technical controls to participants, including both temporary and permanent self-exclusion for all games offered; the ability for participants to establish their own periodic deposit and wagering limits and maximum playing times; referrals to crisis counseling and referral services for individuals and families experiencing difficulty as a result of problem or compulsive gambling; and other services as the Division reasonably may determine are necessary or appropriate to reduce and prevent problem gambling. Any authorized participant who is allowed to participate in Internet gaming may voluntarily prohibit themselves from establishing an Internet gaming account. The Division shall incorporate the voluntary self-exclusion list into the responsible gaming database and maintain both the self-exclusion list and the responsible gaming database in a confidential manner. Notwithstanding any law to the contrary, the self-exclusion list and responsible gaming database are not public records subject to copying and disclosure under the Freedom of Information Act.

(l) There is created the Responsible Internet Gaming Advisory Board, consisting of the following members:

(1) the Superintendent of the Lottery, who shall be an ex officio member and shall serve as Chairperson;

(2) the Executive Director of the Division of Internet Gaming, who shall be an ex officio member;

(3) one representative from a national organization dedicated to the study and prevention of problem gambling, appointed by the Superintendent;

(4) one member who is an academic professional engaged in the study of problem gambling at a university or other institution of higher learning, appointed by the Superintendent;

(5) one member who has professional experience and expertise in the field of technical and systemic controls for responsible Internet gaming, appointed by the Superintendent; and

(6) one member who is an Illinois citizen and a member of the public, appointed by the Superintendent.

Each Advisory Board member shall serve for a term of 4 years and until his or her successor is appointed and qualified. However, in making initial appointments, 2 shall be appointed to serve for 2 years and 2 shall be appointed to serve for 4 years. Appointments to fill vacancies shall be made in the same manner as original appointments for the unexpired portion of the vacated term. Initial terms shall begin on the effective date of this amendatory Act of the 98th General Assembly. Each member of the Advisory Board shall be eligible for reappointment at the discretion of the Superintendent. A member of the Advisory Board may be removed from office for just cause. Advisory Board members shall receive no compensation, but shall be reimbursed for expenses incurred in connection with their duties as Advisory Board members.

Four members shall constitute a quorum. A majority vote of the Advisory Board is required for an Advisory Board decision. The Advisory Board shall meet no less often than once every 6 months and shall meet as often as the Chairperson deems necessary. Advisory Board members shall not be liable for any of their acts, omissions, decisions, or any other conduct in connection with their duties on the Advisory Board, except those involving willful, wanton, or intentional misconduct.

The Advisory Board shall make recommendations to the Executive Director regarding the development of rules and procedures to reduce and prevent problem or compulsive gambling and youth gambling and to ensure the conduct of safe, fair, and responsible Internet gaming. The Advisory Board may have such powers as may be granted by the Executive Director to carry out the provisions of this Section regarding responsible Internet gaming.

[March 6, 2013]

(m) A tax is hereby imposed on Internet gaming licensees, based on the gross gaming revenue received by an Internet gaming licensee from Internet games authorized pursuant to this Section, at the following rates:

(1) for all non-fee-based games, the tax shall be 20% of annual gross non-fee-based gaming revenue; and

(2) for all fee-based games the tax shall be 15% of annual gross fee-based gaming revenue.

The taxes imposed by this subsection (m) shall be paid by the Internet gaming licensee to the Division no later than 5:00 p.m. on the day after the day when the wagers were made.

In recognition of the advance tax revenue paid by the Internet gaming licensee in its license fee, an Internet gaming licensee shall be taxed at the following rates during the initial 5-year license term:

(1) for all non-fee-based games, the tax shall be 10% of annual gross non-fee-based gaming revenue up to and including \$200,000,000 of gross gaming revenue and 20% of annual gross non-fee-based gaming revenue in excess \$200,000,000 of gross gaming revenue; and

(2) for all fee-based games, the tax shall be 7.5% of annual gross fee-based gaming revenue up to and including \$200,000,000 of gross gaming revenue and 15% of annual gross fee-based gaming revenue in excess \$200,000,000 of gross gaming revenue.

(n) Beginning on the effective date of this amendatory Act of the 98th General Assembly, from the tax revenue deposited in the State Lottery Fund under this Section, \$10,000,000 shall be paid annually to the Department of Human Services for the administration of programs to treat problem gambling.

(o) Beginning on the effective date of this amendatory Act of the 98th General Assembly, from the tax revenue deposited in the State Lottery Fund under this Section, \$5,000,000 shall be transferred into the State Fairgrounds Capital Improvements Fund annually.

(p) Beginning on the effective date of this amendatory Act of the 98th General Assembly, after the amounts specified in subsections (n) and (o) have been paid or transferred, all remaining tax revenue deposited in the State Lottery Fund pursuant to this Section shall be transferred to the Pension Stabilization Fund.

(20 ILCS 1605/9.1)

Sec. 9.1. Private manager and management agreement.

(a) As used in this Section:

"Offeror" means a person or group of persons that responds to a request for qualifications under this Section.

"Request for qualifications" means all materials and documents prepared by the Department to solicit the following from offerors:

(1) Statements of qualifications.

(2) Proposals to enter into a management agreement, including the identity of any prospective vendor or vendors that the offeror intends to initially engage to assist the offeror in performing its obligations under the management agreement.

"Final offer" means the last proposal submitted by an offeror in response to the request for qualifications, including the identity of any prospective vendor or vendors that the offeror intends to initially engage to assist the offeror in performing its obligations under the management agreement.

"Final offeror" means the offeror ultimately selected by the Governor to be the private manager for the Lottery under subsection (h) of this Section.

(b) By September 15, 2010, the Governor shall select a private manager for the total management of the Lottery with integrated functions, such as lottery game design, supply of goods and services, and advertising and as specified in this Section.

(c) Pursuant to the terms of this subsection, the Department shall endeavor to expeditiously terminate the existing contracts in support of the Lottery in effect on the effective date of this amendatory Act of the 96th General Assembly in connection with the selection of the private manager. As part of its obligation to terminate these contracts and select the private manager, the Department shall establish a mutually agreeable timetable to transfer the functions of existing contractors to the private manager so that existing Lottery operations are not materially diminished or impaired during the transition. To that end, the Department shall do the following:

(1) where such contracts contain a provision authorizing termination upon notice, the

Department shall provide notice of termination to occur upon the mutually agreed timetable for transfer of functions;

(2) upon the expiration of any initial term or renewal term of the current Lottery contracts, the Department shall not renew such contract for a term extending beyond the mutually agreed timetable for transfer of functions; or

(3) in the event any current contract provides for termination of that contract upon the

implementation of a contract with the private manager, the Department shall perform all necessary actions to terminate the contract on the date that coincides with the mutually agreed timetable for transfer of functions.

If the contracts to support the current operation of the Lottery in effect on the effective date of this amendatory Act of the 96th General Assembly are not subject to termination as provided for in this subsection (c), then the Department may include a provision in the contract with the private manager specifying a mutually agreeable methodology for incorporation.

(c-5) The Department shall include provisions in the management agreement whereby the private manager shall, for a fee, and pursuant to a contract negotiated with the Department (the "Employee Use Contract"), utilize the services of current Department employees to assist in the administration and operation of the Lottery. The Department shall be the employer of all such bargaining unit employees assigned to perform such work for the private manager, and such employees shall be State employees, as defined by the Personnel Code. Department employees shall operate under the same employment policies, rules, regulations, and procedures, as other employees of the Department. In addition, neither historical representation rights under the Illinois Public Labor Relations Act, nor existing collective bargaining agreements, shall be disturbed by the management agreement with the private manager for the management of the Lottery.

(d) The management agreement with the private manager shall include all of the following:

(1) A term not to exceed 10 years, including any renewals.

(2) A provision specifying that the Department:

(A) shall exercise actual control over all significant business decisions;

(A-5) has the authority to direct or countermand operating decisions by the private manager at any time;

(B) has ready access at any time to information regarding Lottery operations;

(C) has the right to demand and receive information from the private manager concerning any aspect of the Lottery operations at any time; and

(D) retains ownership of all trade names, trademarks, and intellectual property associated with the Lottery.

(3) A provision imposing an affirmative duty on the private manager to provide the Department with material information and with any information the private manager reasonably believes the Department would want to know to enable the Department to conduct the Lottery.

(4) A provision requiring the private manager to provide the Department with advance notice of any operating decision that bears significantly on the public interest, including, but not limited to, decisions on the kinds of games to be offered to the public and decisions affecting the relative risk and reward of the games being offered, so the Department has a reasonable opportunity to evaluate and countermand that decision.

(5) A provision providing for compensation of the private manager that may consist of, among other things, a fee for services and a performance based bonus as consideration for managing the Lottery, including terms that may provide the private manager with an increase in compensation if Lottery revenues grow by a specified percentage in a given year.

(6) (Blank).

(7) A provision requiring the deposit of all Lottery proceeds to be deposited into the State Lottery Fund except as otherwise provided in Section 20 of this Act.

(8) A provision requiring the private manager to locate its principal office within the State.

(8-5) A provision encouraging that at least 20% of the cost of contracts entered into for goods and services by the private manager in connection with its management of the Lottery, other than contracts with sales agents or technical advisors, be awarded to businesses that are a minority owned business, a female owned business, or a business owned by a person with disability, as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

(9) A requirement that so long as the private manager complies with all the conditions of the agreement under the oversight of the Department, the private manager shall have the following duties and obligations with respect to the management of the Lottery:

(A) The right to use equipment and other assets used in the operation of the Lottery.

(B) The rights and obligations under contracts with retailers and vendors.

(C) The implementation of a comprehensive security program by the private manager.

(D) The implementation of a comprehensive system of internal audits.

(E) The implementation of a program by the private manager to curb compulsive

gambling by persons playing the Lottery.

(F) A system for determining (i) the type of Lottery games, (ii) the method of selecting winning tickets, (iii) the manner of payment of prizes to holders of winning tickets, (iv) the frequency of drawings of winning tickets, (v) the method to be used in selling tickets, (vi) a system for verifying the validity of tickets claimed to be winning tickets, (vii) the basis upon which retailer commissions are established by the manager, and (viii) minimum payouts.

(10) A requirement that advertising and promotion must be consistent with Section 7.8a of this Act.

(11) A requirement that the private manager market the Lottery to those residents who are new, infrequent, or lapsed players of the Lottery, especially those who are most likely to make regular purchases on the Internet as permitted by law.

(12) A code of ethics for the private manager's officers and employees.

(13) A requirement that the Department monitor and oversee the private manager's practices and take action that the Department considers appropriate to ensure that the private manager is in compliance with the terms of the management agreement, while allowing the manager, unless specifically prohibited by law or the management agreement, to negotiate and sign its own contracts with vendors.

(14) A provision requiring the private manager to periodically file, at least on an annual basis, appropriate financial statements in a form and manner acceptable to the Department.

(15) Cash reserves requirements.

(16) Procedural requirements for obtaining the prior approval of the Department when a management agreement or an interest in a management agreement is sold, assigned, transferred, or pledged as collateral to secure financing.

(17) Grounds for the termination of the management agreement by the Department or the private manager.

(18) Procedures for amendment of the agreement.

(19) A provision requiring the private manager to engage in an open and competitive bidding process for any procurement having a cost in excess of \$50,000 that is not a part of the private manager's final offer. The process shall favor the selection of a vendor deemed to have submitted a proposal that provides the Lottery with the best overall value. The process shall not be subject to the provisions of the Illinois Procurement Code, unless specifically required by the management agreement.

(20) The transition of rights and obligations, including any associated equipment or other assets used in the operation of the Lottery, from the manager to any successor manager of the lottery, including the Department, following the termination of or foreclosure upon the management agreement.

(21) Right of use of copyrights, trademarks, and service marks held by the Department in the name of the State. The agreement must provide that any use of them by the manager shall only be for the purpose of fulfilling its obligations under the management agreement during the term of the agreement.

(22) The disclosure of any information requested by the Department to enable it to comply with the reporting requirements and information requests provided for under subsection (p) of this Section.

(e) Notwithstanding any other law to the contrary, the Department shall select a private manager through a competitive request for qualifications process consistent with Section 20-35 of the Illinois Procurement Code, which shall take into account:

(1) the offeror's ability to market the Lottery to those residents who are new, infrequent, or lapsed players of the Lottery, especially those who are most likely to make regular purchases on the Internet;

(2) the offeror's ability to address the State's concern with the social effects of gambling on those who can least afford to do so;

(3) the offeror's ability to provide the most successful management of the Lottery for the benefit of the people of the State based on current and past business practices or plans of the offeror; and

(4) the offeror's poor or inadequate past performance in servicing, equipping, operating or managing a lottery on behalf of Illinois, another State or foreign government and attracting persons who are not currently regular players of a lottery.

(f) The Department may retain the services of an advisor or advisors with significant experience in financial services or the management, operation, and procurement of goods, services, and equipment for

a government-run lottery to assist in the preparation of the terms of the request for qualifications and selection of the private manager. Any prospective advisor seeking to provide services under this subsection (f) shall disclose any material business or financial relationship during the past 3 years with any potential offeror, or with a contractor or subcontractor presently providing goods, services, or equipment to the Department to support the Lottery. The Department shall evaluate the material business or financial relationship of each prospective advisor. The Department shall not select any prospective advisor with a substantial business or financial relationship that the Department deems to impair the objectivity of the services to be provided by the prospective advisor. During the course of the advisor's engagement by the Department, and for a period of one year thereafter, the advisor shall not enter into any business or financial relationship with any offeror or any vendor identified to assist an offeror in performing its obligations under the management agreement. Any advisor retained by the Department shall be disqualified from being an offeror. The Department shall not include terms in the request for qualifications that provide a material advantage whether directly or indirectly to any potential offeror, or any contractor or subcontractor presently providing goods, services, or equipment to the Department to support the Lottery, including terms contained in previous responses to requests for proposals or qualifications submitted to Illinois, another State or foreign government when those terms are uniquely associated with a particular potential offeror, contractor, or subcontractor. The request for proposals offered by the Department on December 22, 2008 as "LOT08GAMESYS" and reference number "22016176" is declared void.

(g) The Department shall select at least 2 offerors as finalists to potentially serve as the private manager no later than August 9, 2010. Upon making preliminary selections, the Department shall schedule a public hearing on the finalists' proposals and provide public notice of the hearing at least 7 calendar days before the hearing. The notice must include all of the following:

- (1) The date, time, and place of the hearing.
- (2) The subject matter of the hearing.
- (3) A brief description of the management agreement to be awarded.
- (4) The identity of the offerors that have been selected as finalists to serve as the private manager.
- (5) The address and telephone number of the Department.

(h) At the public hearing, the Department shall (i) provide sufficient time for each finalist to present and explain its proposal to the Department and the Governor or the Governor's designee, including an opportunity to respond to questions posed by the Department, Governor, or designee and (ii) allow the public and non-selected offerors to comment on the presentations. The Governor or a designee shall attend the public hearing. After the public hearing, the Department shall have 14 calendar days to recommend to the Governor whether a management agreement should be entered into with a particular finalist. After reviewing the Department's recommendation, the Governor may accept or reject the Department's recommendation, and shall select a final offeror as the private manager by publication of a notice in the Illinois Procurement Bulletin on or before September 15, 2010. The Governor shall include in the notice a detailed explanation and the reasons why the final offeror is superior to other offerors and will provide management services in a manner that best achieves the objectives of this Section. The Governor shall also sign the management agreement with the private manager.

(i) Any action to contest the private manager selected by the Governor under this Section must be brought within 7 calendar days after the publication of the notice of the designation of the private manager as provided in subsection (h) of this Section.

(j) The Lottery shall remain, for so long as a private manager manages the Lottery in accordance with provisions of this Act, a Lottery conducted by the State, and the State shall not be authorized to sell or transfer the Lottery to a third party.

(k) Any tangible personal property used exclusively in connection with the lottery that is owned by the Department and leased to the private manager shall be owned by the Department in the name of the State and shall be considered to be public property devoted to an essential public and governmental function.

(l) The Department may exercise any of its powers under this Section or any other law as necessary or desirable for the execution of the Department's powers under this Section.

(m) Neither this Section nor any management agreement entered into under this Section prohibits the General Assembly from authorizing forms of gambling that are not in direct competition with the Lottery. The forms of gambling authorized by this amendatory Act of the 98th General Assembly constitute authorized forms of gambling that are not in direct competition with the Lottery.

(n) The private manager shall be subject to a complete investigation in the third, seventh, and tenth years of the agreement (if the agreement is for a 10-year term) by the Department in cooperation with the Auditor General to determine whether the private manager has complied with this Section and the

management agreement. The private manager shall bear the cost of an investigation or reinvestigation of the private manager under this subsection.

(o) The powers conferred by this Section are in addition and supplemental to the powers conferred by any other law. If any other law or rule is inconsistent with this Section, including, but not limited to, provisions of the Illinois Procurement Code, then this Section controls as to any management agreement entered into under this Section. This Section and any rules adopted under this Section contain full and complete authority for a management agreement between the Department and a private manager. No law, procedure, proceeding, publication, notice, consent, approval, order, or act by the Department or any other officer, Department, agency, or instrumentality of the State or any political subdivision is required for the Department to enter into a management agreement under this Section. This Section contains full and complete authority for the Department to approve any contracts entered into by a private manager with a vendor providing goods, services, or both goods and services to the private manager under the terms of the management agreement, including subcontractors of such vendors.

Upon receipt of a written request from the Chief Procurement Officer, the Department shall provide to the Chief Procurement Officer a complete and un-redacted copy of the management agreement or any contract that is subject to the Department's approval authority under this subsection (o). The Department shall provide a copy of the agreement or contract to the Chief Procurement Officer in the time specified by the Chief Procurement Officer in his or her written request, but no later than 5 business days after the request is received by the Department. The Chief Procurement Officer must retain any portions of the management agreement or of any contract designated by the Department as confidential, proprietary, or trade secret information in complete confidence pursuant to subsection (g) of Section 7 of the Freedom of Information Act. The Department shall also provide the Chief Procurement Officer with reasonable advance written notice of any contract that is pending Department approval.

Notwithstanding any other provision of this Section to the contrary, the Chief Procurement Officer shall adopt administrative rules, including emergency rules, to establish a procurement process to select a successor private manager if a private management agreement has been terminated. The selection process shall at a minimum take into account the criteria set forth in items (1) through (4) of subsection (e) of this Section and may include provisions consistent with subsections (f), (g), (h), and (i) of this Section. The Chief Procurement Officer shall also implement and administer the adopted selection process upon the termination of a private management agreement. The Department, after the Chief Procurement Officer certifies that the procurement process has been followed in accordance with the rules adopted under this subsection (o), shall select a final offeror as the private manager and sign the management agreement with the private manager.

Except as provided in Sections 21.2, 21.5, 21.6, 21.7, and 21.8, the Department shall distribute all proceeds of lottery tickets and shares sold in the following priority and manner:

(1) The payment of prizes and retailer bonuses.

(2) The payment of costs incurred in the operation and administration of the Lottery, including the payment of sums due to the private manager under the management agreement with the Department.

(3) On the last day of each month or as soon thereafter as possible, the State Comptroller shall direct and the State Treasurer shall transfer from the State Lottery Fund to the Common School Fund an amount that is equal to the proceeds transferred in the corresponding month of fiscal year 2009, as adjusted for inflation, to the Common School Fund.

(4) On or before the last day of each fiscal year, deposit any remaining proceeds, subject to payments under items (1), (2), and (3) into the Capital Projects Fund each fiscal year.

(p) The Department shall be subject to the following reporting and information request requirements:

(1) The Department shall submit written quarterly reports to the Governor and the General Assembly on the activities and actions of the private manager selected under this Section;

(2) upon request of the Chief Procurement Officer, the Department shall promptly produce information related to the procurement activities of the Department and the private manager requested by the Chief Procurement Officer; the Chief Procurement Officer must retain confidential, proprietary, or trade secret information designated by the Department in complete confidence pursuant to subsection (g) of Section 7 of the Freedom of Information Act; and

(3) at least 30 days prior to the beginning of the Department's fiscal year, the

Department shall prepare an annual written report on the activities of the private manager selected under this Section and deliver that report to the Governor and General Assembly.

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-840, eff. 12-23-09; 97-464, eff. 8-19-11; revised 10-17-12.)

Section 90-10. The Department of Revenue Law of the Civil Administrative Code of Illinois is amended by changing Section 2505-305 as follows:

(20 ILCS 2505/2505-305) (was 20 ILCS 2505/39b15.1)

Sec. 2505-305. Investigators.

(a) The Department has the power to appoint investigators to conduct all investigations, searches, seizures, arrests, and other duties imposed under the provisions of any law administered by the Department. Except as provided in subsection (c), these investigators have and may exercise all the powers of peace officers solely for the purpose of enforcing taxing measures administered by the Department.

(b) The Director must authorize to each investigator employed under this Section and to any other employee of the Department exercising the powers of a peace officer a distinct badge that, on its face, (i) clearly states that the badge is authorized by the Department and (ii) contains a unique identifying number. No other badge shall be authorized by the Department.

(c) The Department may enter into agreements with the Illinois Gaming Board providing that investigators appointed under this Section shall exercise the peace officer powers set forth in paragraph (20.6) of subsection (c) of Section 5 of the Illinois Riverboat Gambling Act.

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

Section 90-12. The Illinois State Auditing Act is amended by changing Section 3-1 as follows:

(30 ILCS 5/3-1) (from Ch. 15, par. 303-1)

Sec. 3-1. Jurisdiction of Auditor General. The Auditor General has jurisdiction over all State agencies to make post audits and investigations authorized by or under this Act or the Constitution.

The Auditor General has jurisdiction over local government agencies and private agencies only:

(a) to make such post audits authorized by or under this Act as are necessary and incidental to a post audit of a State agency or of a program administered by a State agency involving public funds of the State, but this jurisdiction does not include any authority to review local governmental agencies in the obligation, receipt, expenditure or use of public funds of the State that are granted without limitation or condition imposed by law, other than the general limitation that such funds be used for public purposes;

(b) to make investigations authorized by or under this Act or the Constitution; and

(c) to make audits of the records of local government agencies to verify actual costs of state-mandated programs when directed to do so by the Legislative Audit Commission at the request of the State Board of Appeals under the State Mandates Act.

In addition to the foregoing, the Auditor General may conduct an audit of the Metropolitan Pier and Exposition Authority, the Regional Transportation Authority, the Suburban Bus Division, the Commuter Rail Division and the Chicago Transit Authority and any other subsidized carrier when authorized by the Legislative Audit Commission. Such audit may be a financial, management or program audit, or any combination thereof.

The audit shall determine whether they are operating in accordance with all applicable laws and regulations. Subject to the limitations of this Act, the Legislative Audit Commission may by resolution specify additional determinations to be included in the scope of the audit.

In addition to the foregoing, the Auditor General must also conduct a financial audit of the Illinois Sports Facilities Authority's expenditures of public funds in connection with the reconstruction, renovation, remodeling, extension, or improvement of all or substantially all of any existing "facility", as that term is defined in the Illinois Sports Facilities Authority Act.

The Auditor General may also conduct an audit, when authorized by the Legislative Audit Commission, of any hospital which receives 10% or more of its gross revenues from payments from the State of Illinois, Department of Healthcare and Family Services (formerly Department of Public Aid), Medical Assistance Program.

The Auditor General is authorized to conduct financial and compliance audits of the Illinois Distance Learning Foundation and the Illinois Conservation Foundation.

As soon as practical after the effective date of this amendatory Act of 1995, the Auditor General shall conduct a compliance and management audit of the City of Chicago and any other entity with regard to the operation of Chicago O'Hare International Airport, Chicago Midway Airport and Merrill C. Meigs Field. The audit shall include, but not be limited to, an examination of revenues, expenses, and transfers of funds; purchasing and contracting policies and practices; staffing levels; and hiring practices and procedures. When completed, the audit required by this paragraph shall be distributed in accordance with Section 3-14.

The Auditor General shall conduct a financial and compliance and program audit of distributions from

[March 6, 2013]

the Municipal Economic Development Fund during the immediately preceding calendar year pursuant to Section 8-403.1 of the Public Utilities Act at no cost to the city, village, or incorporated town that received the distributions.

The Auditor General must conduct an audit of the Health Facilities and Services Review Board pursuant to Section 19.5 of the Illinois Health Facilities Planning Act.

The Auditor General must conduct an audit of the Chicago Casino Development Authority pursuant to Section 1-60 of the Chicago Casino Development Authority Act.

The Auditor General of the State of Illinois shall annually conduct or cause to be conducted a financial and compliance audit of the books and records of any county water commission organized pursuant to the Water Commission Act of 1985 and shall file a copy of the report of that audit with the Governor and the Legislative Audit Commission. The filed audit shall be open to the public for inspection. The cost of the audit shall be charged to the county water commission in accordance with Section 6z-27 of the State Finance Act. The county water commission shall make available to the Auditor General its books and records and any other documentation, whether in the possession of its trustees or other parties, necessary to conduct the audit required. These audit requirements apply only through July 1, 2007.

The Auditor General must conduct audits of the Rend Lake Conservancy District as provided in Section 25.5 of the River Conservancy Districts Act.

The Auditor General must conduct financial audits of the Southeastern Illinois Economic Development Authority as provided in Section 70 of the Southeastern Illinois Economic Development Authority Act.

The Auditor General shall conduct a compliance audit in accordance with subsections (d) and (f) of Section 30 of the Innovation Development and Economy Act.

(Source: P.A. 95-331, eff. 8-21-07; 96-31, eff. 6-30-09; 96-939, eff. 6-24-10.)

Section 90-15. The State Finance Act is amended by adding Sections 5.826, 5.829, 6z-98, and 6z-99 as follows:

(30 ILCS 105/5.826 new)

Sec. 5.826. The Gaming Facilities Fee Revenue Fund.

(30 ILCS 105/5.829 new)

Sec. 5.829. The State Fairgrounds Capital Improvement Fund.

(30 ILCS 105/6z-98 new)

Sec. 6z-98. The Gaming Facilities Fee Revenue Fund.

(a) The Gaming Facilities Fee Revenue Fund is created as a special fund in the State treasury.

(b) The revenues in the Fund shall be used, subject to appropriation, by the Comptroller for the purpose of (i) providing appropriations to the Illinois Gaming Board for the administration and enforcement of the Illinois Gambling Act and the applicable provisions of the Chicago Casino Development Authority Act and (ii) payment of vouchers that are outstanding for more than 60 days. Whenever practical, the Comptroller must prioritize voucher payments for expenses related to medical assistance under the Illinois Public Aid Code, the Children's Health Insurance Program Act, the Covering ALL KIDS Health Insurance Act, and the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act.

(c) The Fund shall consist of fee revenues received pursuant to subsection (e) of Section 1-45 of the Chicago Casino Development Authority Act and pursuant to subsections (e-10), (e-15), (e-25), and (h-5) of Section 7 and subsections (c) and (i) of Section 7.6 of the Illinois Gambling Act. All interest earned on moneys in the Fund shall be deposited into the Fund.

(d) The Fund shall not be subject to administrative charges or chargebacks, including, but not limited to, those authorized under subsection (h) of Section 8 of this Act.

(30 ILCS 105/6z-99 new)

Sec. 6z-99. The State Fairgrounds Capital Improvement Fund. There is created the State Fairgrounds Capital Improvement Fund, a special fund in the State treasury. Moneys in the Fund may be used by the Department of Agriculture, subject to appropriation, solely for infrastructure improvements to the Illinois State Fairgrounds in Sangamon County, including, but not limited to, track surfaces (main track and practice track), grandstands, audio and visual systems, paddocks and barns and associated surface areas, restroom facilities on the backstretch, and roadway surfaces around the racing facility. The State Fairgrounds Capital Improvement Fund is not subject to administrative chargebacks, including, but not limited to, those authorized under Section 8h of the State Finance Act.

Section 90-17. The Illinois Procurement Code is amended by changing Section 1-10 as follows:

[March 6, 2013]

(30 ILCS 500/1-10)

Sec. 1-10. Application.

(a) This Code applies only to procurements for which contractors were first solicited on or after July 1, 1998. This Code shall not be construed to affect or impair any contract, or any provision of a contract, entered into based on a solicitation prior to the implementation date of this Code as described in Article 99, including but not limited to any covenant entered into with respect to any revenue bonds or similar instruments. All procurements for which contracts are solicited between the effective date of Articles 50 and 99 and July 1, 1998 shall be substantially in accordance with this Code and its intent.

(b) This Code shall apply regardless of the source of the funds with which the contracts are paid, including federal assistance moneys. This Code shall not apply to:

(1) Contracts between the State and its political subdivisions or other governments, or between State governmental bodies except as specifically provided in this Code.

(2) Grants, except for the filing requirements of Section 20-80.

(3) Purchase of care.

(4) Hiring of an individual as employee and not as an independent contractor, whether pursuant to an employment code or policy or by contract directly with that individual.

(5) Collective bargaining contracts.

(6) Purchase of real estate, except that notice of this type of contract with a value of more than \$25,000 must be published in the Procurement Bulletin within 7 days after the deed is recorded in the county of jurisdiction. The notice shall identify the real estate purchased, the names of all parties to the contract, the value of the contract, and the effective date of the contract.

(7) Contracts necessary to prepare for anticipated litigation, enforcement actions, or investigations, provided that the chief legal counsel to the Governor shall give his or her prior approval when the procuring agency is one subject to the jurisdiction of the Governor, and provided that the chief legal counsel of any other procuring entity subject to this Code shall give his or her prior approval when the procuring entity is not one subject to the jurisdiction of the Governor.

(8) Contracts for services to Northern Illinois University by a person, acting as an independent contractor, who is qualified by education, experience, and technical ability and is selected by negotiation for the purpose of providing non-credit educational service activities or products by means of specialized programs offered by the university.

(9) Procurement expenditures by the Illinois Conservation Foundation when only private funds are used.

(10) Procurement expenditures by the Illinois Health Information Exchange Authority involving private funds from the Health Information Exchange Fund. "Private funds" means gifts, donations, and private grants.

(11) Public-private agreements entered into according to the procurement requirements of Section 20 of the Public-Private Partnerships for Transportation Act and design-build agreements entered into according to the procurement requirements of Section 25 of the Public-Private Partnerships for Transportation Act.

(c) This Code does not apply to the electric power procurement process provided for under Section 1-75 of the Illinois Power Agency Act and Section 16-111.5 of the Public Utilities Act.

(d) Except for Section 20-160 and Article 50 of this Code, and as expressly required by Section 9.1 of the Illinois Lottery Law, the provisions of this Code do not apply to the procurement process provided for under Section 9.1 of the Illinois Lottery Law. In addition, except for Section 20-160 and Article 50 of this Code, the provisions of this Code also do not apply to contracts and subcontracts awarded pursuant to Section 7.18 of the Illinois Lottery Law.

(e) This Code does not apply to the process used by the Capital Development Board to retain a person or entity to assist the Capital Development Board with its duties related to the determination of costs of a clean coal SNG brownfield facility, as defined by Section 1-10 of the Illinois Power Agency Act, as required in subsection (h-3) of Section 9-220 of the Public Utilities Act, including calculating the range of capital costs, the range of operating and maintenance costs, or the sequestration costs or monitoring the construction of clean coal SNG brownfield facility for the full duration of construction.

(f) This Code does not apply to the process used by the Illinois Power Agency to retain a mediator to mediate sourcing agreement disputes between gas utilities and the clean coal SNG brownfield facility, as defined in Section 1-10 of the Illinois Power Agency Act, as required under subsection (h-1) of Section 9-220 of the Public Utilities Act.

(g) This Code does not apply to the processes used by the Illinois Power Agency to retain a mediator to mediate contract disputes between gas utilities and the clean coal SNG facility and to retain an expert to assist in the review of contracts under subsection (h) of Section 9-220 of the Public Utilities Act. This

[March 6, 2013]

Code does not apply to the process used by the Illinois Commerce Commission to retain an expert to assist in determining the actual incurred costs of the clean coal SNG facility and the reasonableness of those costs as required under subsection (h) of Section 9-220 of the Public Utilities Act.

(h) This Code does not apply to the process to procure or contracts entered into in accordance with Sections 11-5.2 and 11-5.3 of the Illinois Public Aid Code.

(i) ~~(h)~~ Each chief procurement officer may access records necessary to review whether a contract, purchase, or other expenditure is or is not subject to the provisions of this Code, unless such records would be subject to attorney-client privilege.

(Source: P.A. 96-840, eff. 12-23-09; 96-1331, eff. 7-27-10; 97-96, eff. 7-13-11; 97-239, eff. 8-2-11; 97-502, eff. 8-23-11; 97-689, eff. 6-14-12; 97-813, eff. 7-13-12; 97-895, eff. 8-3-12; revised 8-23-12.)

Section 90-20. The Illinois Income Tax Act is amended by changing Sections 201, 303, 304 and 710 as follows:

(35 ILCS 5/201) (from Ch. 120, par. 2-201)

Sec. 201. Tax Imposed.

(a) In general. A tax measured by net income is hereby imposed on every individual, corporation, trust and estate for each taxable year ending after July 31, 1969 on the privilege of earning or receiving income in or as a resident of this State. Such tax shall be in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

(b) Rates. The tax imposed by subsection (a) of this Section shall be determined as follows, except as adjusted by subsection (d-1):

(1) In the case of an individual, trust or estate, for taxable years ending prior to July 1, 1989, an amount equal to 2 1/2% of the taxpayer's net income for the taxable year.

(2) In the case of an individual, trust or estate, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 2 1/2% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 3% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(3) In the case of an individual, trust or estate, for taxable years beginning after June 30, 1989, and ending prior to January 1, 2011, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2011, and ending after December 31, 2010, an amount equal to the sum of (i) 3% of the taxpayer's net income for the period prior to January 1, 2011, as calculated under Section 202.5, and (ii) 5% of the taxpayer's net income for the period after December 31, 2010, as calculated under Section 202.5.

(5) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2011, and ending prior to January 1, 2015, an amount equal to 5% of the taxpayer's net income for the taxable year.

(5.1) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 5% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 3.75% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.

(5.2) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2015, and ending prior to January 1, 2025, an amount equal to 3.75% of the taxpayer's net income for the taxable year.

(5.3) In the case of an individual, trust, or estate, for taxable years beginning prior to January 1, 2025, and ending after December 31, 2024, an amount equal to the sum of (i) 3.75% of the taxpayer's net income for the period prior to January 1, 2025, as calculated under Section 202.5, and (ii) 3.25% of the taxpayer's net income for the period after December 31, 2024, as calculated under Section 202.5.

(5.4) In the case of an individual, trust, or estate, for taxable years beginning on or after January 1, 2025, an amount equal to 3.25% of the taxpayer's net income for the taxable year.

(6) In the case of a corporation, for taxable years ending prior to July 1, 1989, an amount equal to 4% of the taxpayer's net income for the taxable year.

(7) In the case of a corporation, for taxable years beginning prior to July 1, 1989 and ending after June 30, 1989, an amount equal to the sum of (i) 4% of the taxpayer's net income for the period prior to July 1, 1989, as calculated under Section 202.3, and (ii) 4.8% of the taxpayer's net income for the period after June 30, 1989, as calculated under Section 202.3.

(8) In the case of a corporation, for taxable years beginning after June 30, 1989, and ending prior to January 1, 2011, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

(9) In the case of a corporation, for taxable years beginning prior to January 1, 2011, and ending after December 31, 2010, an amount equal to the sum of (i) 4.8% of the taxpayer's net income for the period prior to January 1, 2011, as calculated under Section 202.5, and (ii) 7% of the taxpayer's net income for the period after December 31, 2010, as calculated under Section 202.5.

(10) In the case of a corporation, for taxable years beginning on or after January 1, 2011, and ending prior to January 1, 2015, an amount equal to 7% of the taxpayer's net income for the taxable year.

(11) In the case of a corporation, for taxable years beginning prior to January 1, 2015, and ending after December 31, 2014, an amount equal to the sum of (i) 7% of the taxpayer's net income for the period prior to January 1, 2015, as calculated under Section 202.5, and (ii) 5.25% of the taxpayer's net income for the period after December 31, 2014, as calculated under Section 202.5.

(12) In the case of a corporation, for taxable years beginning on or after January 1, 2015, and ending prior to January 1, 2025, an amount equal to 5.25% of the taxpayer's net income for the taxable year.

(13) In the case of a corporation, for taxable years beginning prior to January 1, 2025, and ending after December 31, 2024, an amount equal to the sum of (i) 5.25% of the taxpayer's net income for the period prior to January 1, 2025, as calculated under Section 202.5, and (ii) 4.8% of the taxpayer's net income for the period after December 31, 2024, as calculated under Section 202.5.

(14) In the case of a corporation, for taxable years beginning on or after January 1, 2025, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

The rates under this subsection (b) are subject to the provisions of Section 201.5.

(b-5) Surcharge; sale or exchange of assets, properties, and intangibles of electronic gaming licensees. For each of taxable years 2013 through 2021, a surcharge is imposed on all taxpayers on income arising from the sale or exchange of capital assets, depreciable business property, real property used in the trade or business, and Section 197 intangibles (i) of an organization licensee under the Illinois Horse Racing Act of 1975 and (ii) of an electronic gaming licensee under the Illinois Gambling Act. The amount of the surcharge is equal to the amount of federal income tax liability for the taxable year attributable to those sales and exchanges. The surcharge imposed shall not apply if:

(1) the electronic gaming license, organization license, or race track property is transferred as a result of any of the following:

(A) bankruptcy, a receivership, or a debt adjustment initiated by or against the initial licensee or the substantial owners of the initial licensee;

(B) cancellation, revocation, or termination of any such license by the Illinois Gaming Board or the Illinois Racing Board;

(C) a determination by the Illinois Gaming Board that transfer of the license is in the best interests of Illinois gaming;

(D) the death of an owner of the equity interest in a licensee;

(E) the acquisition of a controlling interest in the stock or substantially all of the assets of a publicly traded company;

(F) a transfer by a parent company to a wholly owned subsidiary; or

(G) the transfer or sale to or by one person to another person where both persons were initial owners of the license when the license was issued; or

(2) the controlling interest in the electronic gaming license, organization license, or race track property is transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized; or

(3) live horse racing was not conducted in 2011 under a license issued pursuant to the Illinois Horse Racing Act of 1975.

The transfer of an electronic gaming license, organization license, or race track property by a person other than the initial licensee to receive the electronic gaming license is not subject to a surcharge. The Department shall adopt rules necessary to implement and administer this subsection.

(b-10) Surcharge; sale or exchange of an Internet gaming license. For each of taxable years 2013 through 2023, a surcharge is imposed on all taxpayers on income arising from the sale or exchange of an Internet gaming license issued by the Division of Internet Gaming of the Department of the Lottery. The amount of the surcharge is equal to the federal tax liability attributable to such sale or exchange or \$10,000,000, whichever is greater. The surcharge imposed shall not apply if:

(1) the Internet gaming license is transferred as a result of any of the following:

(A) bankruptcy, a receivership, assignment for the benefit of creditors, or a debt adjustment initiated by or against the initial Internet gaming licensee or a majority owner of the initial licensee;

(B) cancellation, revocation, or termination of any such license by the Division of Internet Gaming; or

(D) the transfer or sale to or by one person to another person where both persons were initial owners of the license when the license was issued;

(2) after a public hearing, a determination is made by the Superintendent of the Lottery, subject to the approval of the Governor, that transfer of the license and exemption from the surcharge is in the best interest of Illinois gaming; this exception may be further defined by rules adopted by the Division of Internet Gaming; or

(3) the controlling interest in the Internet gaming license is transferred in a transaction to lineal descendants in which no gain or loss is recognized or as a result of a transaction in accordance with Section 351 of the Internal Revenue Code in which no gain or loss is recognized.

The Department shall adopt rules necessary to implement and administer this subsection.

(c) Personal Property Tax Replacement Income Tax. Beginning on July 1, 1979 and thereafter, in addition to such income tax, there is also hereby imposed the Personal Property Tax Replacement Income Tax measured by net income on every corporation (including Subchapter S corporations), partnership and trust, for each taxable year ending after June 30, 1979. Such taxes are imposed on the privilege of earning or receiving income in or as a resident of this State. The Personal Property Tax Replacement Income Tax shall be in addition to the income tax imposed by subsections (a) and (b) of this Section and in addition to all other occupation or privilege taxes imposed by this State or by any municipal corporation or political subdivision thereof.

(d) Additional Personal Property Tax Replacement Income Tax Rates. The personal property tax replacement income tax imposed by this subsection and subsection (c) of this Section in the case of a corporation, other than a Subchapter S corporation and except as adjusted by subsection (d-1), shall be an additional amount equal to 2.85% of such taxpayer's net income for the taxable year, except that beginning on January 1, 1981, and thereafter, the rate of 2.85% specified in this subsection shall be reduced to 2.5%, and in the case of a partnership, trust or a Subchapter S corporation shall be an additional amount equal to 1.5% of such taxpayer's net income for the taxable year.

(d-1) Rate reduction for certain foreign insurers. In the case of a foreign insurer, as defined by Section 35A-5 of the Illinois Insurance Code, whose state or country of domicile imposes on insurers domiciled in Illinois a retaliatory tax (excluding any insurer whose premiums from reinsurance assumed are 50% or more of its total insurance premiums as determined under paragraph (2) of subsection (b) of Section 304, except that for purposes of this determination premiums from reinsurance do not include premiums from inter-affiliate reinsurance arrangements), beginning with taxable years ending on or after December 31, 1999, the sum of the rates of tax imposed by subsections (b) and (d) shall be reduced (but not increased) to the rate at which the total amount of tax imposed under this Act, net of all credits allowed under this Act, shall equal (i) the total amount of tax that would be imposed on the foreign insurer's net income allocable to Illinois for the taxable year by such foreign insurer's state or country of domicile if that net income were subject to all income taxes and taxes measured by net income imposed by such foreign insurer's state or country of domicile, net of all credits allowed or (ii) a rate of zero if no such tax is imposed on such income by the foreign insurer's state of domicile. For the purposes of this subsection (d-1), an inter-affiliate includes a mutual insurer under common management.

(1) For the purposes of subsection (d-1), in no event shall the sum of the rates of tax imposed by subsections (b) and (d) be reduced below the rate at which the sum of:

(A) the total amount of tax imposed on such foreign insurer under this Act for a taxable year, net of all credits allowed under this Act, plus

(B) the privilege tax imposed by Section 409 of the Illinois Insurance Code, the fire insurance company tax imposed by Section 12 of the Fire Investigation Act, and the fire department taxes imposed under Section 11-10-1 of the Illinois Municipal Code, equals 1.25% for taxable years ending prior to December 31, 2003, or 1.75% for taxable years ending on or after December 31, 2003, of the net taxable premiums written for the taxable year, as described by subsection (1) of Section 409 of the Illinois Insurance Code. This paragraph will in no event increase the rates imposed under subsections (b) and (d).

(2) Any reduction in the rates of tax imposed by this subsection shall be applied first against the rates imposed by subsection (b) and only after the tax imposed by subsection (a) net of all credits allowed under this Section other than the credit allowed under subsection (i) has been reduced to zero, against the rates imposed by subsection (d).

This subsection (d-1) is exempt from the provisions of Section 250.

(e) Investment credit. A taxpayer shall be allowed a credit against the Personal Property Tax Replacement Income Tax for investment in qualified property.

(1) A taxpayer shall be allowed a credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1984. There shall be allowed an additional credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1986, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(2) The term "qualified property" means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings and signs that are real property, but not including land or improvements to real property that are not a structural component of a building such as landscaping, sewer lines, local access roads, fencing, parking lots, and other appurtenances;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (e);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code;

(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal or fluorite, or in retailing, or was placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act; and

(E) has not previously been used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (e) or subsection (f).

(3) For purposes of this subsection (e), "manufacturing" means the material staging and production of tangible personal property by procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes some existing material into new shapes, new qualities, or new combinations. For purposes of this subsection (e) the term "mining" shall have the same meaning as the term "mining" in Section 613(c) of the Internal Revenue Code. For purposes of this subsection (e), the term "retailing" means the sale of tangible personal property for use or consumption and not for resale, or services rendered in conjunction with the sale of tangible personal property for use or consumption and not for resale. For purposes of this subsection (e), "tangible

personal property" has the same meaning as when that term is used in the Retailers' Occupation Tax Act, and, for taxable years ending after December 31, 2008, does not include the generation, transmission, or distribution of electricity.

(4) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(5) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(6) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(7) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the Personal Property Tax Replacement Income Tax for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation and, (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (7), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(8) Unless the investment credit is extended by law, the basis of qualified property shall not include costs incurred after December 31, 2018, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2018.

(9) Each taxable year ending before December 31, 2000, a partnership may elect to pass through to its partners the credits to which the partnership is entitled under this subsection (e) for the taxable year. A partner may use the credit allocated to him or her under this paragraph only against the tax imposed in subsections (c) and (d) of this Section. If the partnership makes that election, those credits shall be allocated among the partners in the partnership in accordance with the rules set forth in Section 704(b) of the Internal Revenue Code, and the rules promulgated under that Section, and the allocated amount of the credits shall be allowed to the partners for that taxable year. The partnership shall make this election on its Personal Property Tax Replacement Income Tax return for that taxable year. The election to pass through the credits shall be irrevocable.

For taxable years ending on or after December 31, 2000, a partner that qualifies its partnership for a subtraction under subparagraph (I) of paragraph (2) of subsection (d) of Section 203 or a shareholder that qualifies a Subchapter S corporation for a subtraction under subparagraph (S) of paragraph (2) of subsection (b) of Section 203 shall be allowed a credit under this subsection (e) equal to its share of the credit earned under this subsection (e) during the taxable year by the partnership or Subchapter S corporation, determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. This paragraph is exempt from the provisions of Section 250.

(f) Investment credit; Enterprise Zone; River Edge Redevelopment Zone.

(1) A taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service in an Enterprise Zone created pursuant to the Illinois Enterprise Zone Act or, for property placed in service on or after July 1, 2006, a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (f) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. The credit shall be .5% of the basis for such property. The credit shall be available only in the taxable year in which the property is placed in service in the Enterprise Zone or River Edge Redevelopment Zone and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1985, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in

time shall be applied first.

(2) The term qualified property means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (f);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code;

(D) is used in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer; and

(E) has not been previously used in Illinois in such a manner and by such a person as would qualify for the credit provided by this subsection (f) or subsection (e).

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(5) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside the Enterprise Zone or River Edge Redevelopment Zone within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(7) There shall be allowed an additional credit equal to 0.5% of the basis of qualified property placed in service during the taxable year in a River Edge Redevelopment Zone, provided such property is placed in service on or after July 1, 2006, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is 0.5% and the denominator of which is 1%, but shall not exceed 0.5%.

(g) Jobs Tax Credit; River Edge Redevelopment Zone and Foreign Trade Zone or Sub-Zone.

(1) A taxpayer conducting a trade or business, for taxable years ending on or after December 31, 2006, in a River Edge Redevelopment Zone or conducting a trade or business in a federally designated Foreign Trade Zone or Sub-Zone shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section in the amount of \$500 per eligible employee hired to work in the zone during the taxable year.

(2) To qualify for the credit:

(A) the taxpayer must hire 5 or more eligible employees to work in a River Edge Redevelopment Zone or federally designated Foreign Trade Zone or Sub-Zone during the taxable year;

(B) the taxpayer's total employment within the River Edge Redevelopment Zone or federally designated Foreign Trade Zone or Sub-Zone must increase by 5 or more full-time employees beyond the total employed in that zone at the end of the previous tax year for which a jobs tax credit under this Section was taken, or beyond the total employed by the taxpayer as of December 31, 1985, whichever is later; and

(C) the eligible employees must be employed 180 consecutive days in order to be deemed hired for purposes of this subsection.

(3) An "eligible employee" means an employee who is:

(A) Certified by the Department of Commerce and Economic Opportunity as "eligible for services" pursuant to regulations promulgated in accordance with Title II of the Job Training Partnership Act, Training Services for the Disadvantaged or Title III of the Job Training Partnership Act, Employment and Training Assistance for Dislocated Workers Program.

(B) Hired after the River Edge Redevelopment Zone or federally designated Foreign Trade Zone or Sub-Zone was designated or the trade or business was located in that zone, whichever is later.

(C) Employed in the River Edge Redevelopment Zone or Foreign Trade Zone or Sub-Zone.

An employee is employed in a federally designated Foreign Trade Zone or Sub-Zone if his services are rendered there or it is the base of operations for the services performed.

(D) A full-time employee working 30 or more hours per week.

(4) For tax years ending on or after December 31, 1985 and prior to December 31, 1988, the credit shall be allowed for the tax year in which the eligible employees are hired. For tax years ending on or after December 31, 1988, the credit shall be allowed for the tax year immediately following the tax year in which the eligible employees are hired. If the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

(5) The Department of Revenue shall promulgate such rules and regulations as may be deemed necessary to carry out the purposes of this subsection (g).

(6) The credit shall be available for eligible employees hired on or after January 1, 1986.

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service by a Department of Commerce and Economic Opportunity designated High Impact Business. The credit shall be .5% of the basis for such property. The credit shall not be available (i) until the minimum investments in qualified property set forth in subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act have been satisfied or (ii) until the time authorized in subsection (b-5) of the Illinois Enterprise Zone Act for entities designated as High Impact Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

Changes made in this subdivision (h)(1) by Public Act 88-670 restore changes made by Public Act 85-1182 and reflect existing law.

(2) The term qualified property means property which:

(A) is tangible, whether new or used, including buildings and structural components of buildings;

(B) is depreciable pursuant to Section 167 of the Internal Revenue Code, except that "3-year property" as defined in Section 168(c)(2)(A) of that Code is not eligible for the credit provided by this subsection (h);

(C) is acquired by purchase as defined in Section 179(d) of the Internal Revenue Code; and

(D) is not eligible for the Enterprise Zone Investment Credit provided by subsection (f) of this Section.

(3) The basis of qualified property shall be the basis used to compute the depreciation deduction for federal income tax purposes.

(4) If the basis of the property for federal income tax depreciation purposes is increased after it has been placed in service in a federally designated Foreign Trade Zone or Sub-Zone located in Illinois by the taxpayer, the amount of such increase shall be deemed property placed in service on the date of such increase in basis.

(5) The term "placed in service" shall have the same meaning as under Section 46 of the Internal Revenue Code.

(6) If during any taxable year ending on or before December 31, 1996, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

(7) Beginning with tax years ending after December 31, 1996, if a taxpayer qualifies for the credit under this subsection (h) and thereby is granted a tax abatement and the taxpayer relocates its entire facility in violation of the explicit terms and length of the contract under Section 18-183 of the Property Tax Code, the tax imposed under subsections (a) and (b) of this Section shall be increased for the taxable year in which the taxpayer relocated its facility by an amount equal to the amount of credit received by the taxpayer under this subsection (h).

(i) Credit for Personal Property Tax Replacement Income Tax. For tax years ending prior to December 31, 2003, a credit shall be allowed against the tax imposed by subsections (a) and (b) of this Section for the tax imposed by subsections (c) and (d) of this Section. This credit shall be computed by multiplying the tax imposed by subsections (c) and (d) of this Section by a fraction, the numerator of which is base income allocable to Illinois and the denominator of which is Illinois base income, and further multiplying the product by the tax rate imposed by subsections (a) and (b) of this Section.

Any credit earned on or after December 31, 1986 under this subsection which is unused in the year the credit is computed because it exceeds the tax liability imposed by subsections (a) and (b) for that year (whether it exceeds the original liability or the liability as later amended) may be carried forward and applied to the tax liability imposed by subsections (a) and (b) of the 5 taxable years following the excess credit year, provided that no credit may be carried forward to any year ending on or after December 31, 2003. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest credit arising under this subsection shall be applied first.

If, during any taxable year ending on or after December 31, 1986, the tax imposed by subsections (c) and (d) of this Section for which a taxpayer has claimed a credit under this subsection (i) is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by subsections (c) and (d). If any portion of the reduced amount of credit has been carried to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(j) Training expense credit. Beginning with tax years ending on or after December 31, 1986 and prior to December 31, 2003, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) under this Section for all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income. The credit against the tax imposed by subsections (a) and (b) shall be 1.6% of such training expenses. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (j) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

Any credit allowed under this subsection which is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first computed until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability the earliest

credit arising under this subsection shall be applied first. No carryforward credit may be claimed in any tax year ending on or after December 31, 2003.

(k) Research and development credit. For tax years ending after July 1, 1990 and prior to December 31, 2003, and beginning again for tax years ending on or after December 31, 2004, and ending prior to January 1, 2016, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for increasing research activities in this State. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 6 1/2% of the qualifying expenditures for increasing research activities in this State. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

For purposes of this subsection, "qualifying expenditures" means the qualifying expenditures as defined for the federal credit for increasing research activities which would be allowable under Section 41 of the Internal Revenue Code and which are conducted in this State, "qualifying expenditures for increasing research activities in this State" means the excess of qualifying expenditures for the taxable year in which incurred over qualifying expenditures for the base period, "qualifying expenditures for the base period" means the average of the qualifying expenditures for each year in the base period, and "base period" means the 3 taxable years immediately preceding the taxable year for which the determination is being made.

Any credit in excess of the tax liability for the taxable year may be carried forward. A taxpayer may elect to have the unused credit shown on its final completed return carried over as a credit against the tax liability for the following 5 taxable years or until it has been fully used, whichever occurs first; provided that no credit earned in a tax year ending prior to December 31, 2003 may be carried forward to any year ending on or after December 31, 2003.

If an unused credit is carried forward to a given year from 2 or more earlier years, that credit arising in the earliest year will be applied first against the tax liability for the given year. If a tax liability for the given year still remains, the credit from the next earliest year will then be applied, and so on, until all credits have been used or no tax liability for the given year remains. Any remaining unused credit or credits then will be carried forward to the next following year in which a tax liability is incurred, except that no credit can be carried forward to a year which is more than 5 years after the year in which the expense for which the credit is given was incurred.

No inference shall be drawn from this amendatory Act of the 91st General Assembly in construing this Section for taxable years beginning before January 1, 1999.

(l) Environmental Remediation Tax Credit.

(i) For tax years ending after December 31, 1997 and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14 of the Environmental Protection Act that were paid in performing environmental remediation at a site for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability for purposes of this Section shall be made consistent with those rules. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of \$100,000 per site, except that the \$100,000 threshold shall not apply to any site contained in an enterprise zone as determined by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity). The total credit allowed shall not exceed \$40,000 per year with a maximum total of \$150,000 per site. For partners and shareholders of

subchapter S corporations, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. The term "unused credit" does not include any amounts of unreimbursed eligible remediation costs in excess of the maximum credit per site authorized under paragraph (i). This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site" shall have the same meaning as under Section 58.2 of the Environmental Protection Act.

(m) Education expense credit. Beginning with tax years ending after December 31, 1999, a taxpayer who is the custodian of one or more qualifying pupils shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for qualified education expenses incurred on behalf of the qualifying pupils. The credit shall be equal to 25% of qualified education expenses, but in no event may the total credit under this subsection claimed by a family that is the custodian of qualifying pupils exceed \$500. In no event shall a credit under this subsection reduce the taxpayer's liability under this Act to less than zero. This subsection is exempt from the provisions of Section 250 of this Act.

For purposes of this subsection:

"Qualifying pupils" means individuals who (i) are residents of the State of Illinois, (ii) are under the age of 21 at the close of the school year for which a credit is sought, and (iii) during the school year for which a credit is sought were full-time pupils enrolled in a kindergarten through twelfth grade education program at any school, as defined in this subsection.

"Qualified education expense" means the amount incurred on behalf of a qualifying pupil in excess of \$250 for tuition, book fees, and lab fees at the school in which the pupil is enrolled during the regular school year.

"School" means any public or nonpublic elementary or secondary school in Illinois that is in compliance with Title VI of the Civil Rights Act of 1964 and attendance at which satisfies the requirements of Section 26-1 of the School Code, except that nothing shall be construed to require a child to attend any particular public or nonpublic school to qualify for the credit under this Section.

"Custodian" means, with respect to qualifying pupils, an Illinois resident who is a parent, the parents, a legal guardian, or the legal guardians of the qualifying pupils.

(n) River Edge Redevelopment Zone site remediation tax credit.

(i) For tax years ending on or after December 31, 2006, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14a of the Environmental Protection Act that were paid in performing environmental remediation at a site within a River Edge Redevelopment Zone for which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. Determinations as to credit availability for purposes of this Section shall be made consistent with rules adopted by the Pollution Control Board pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a

related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of \$100,000 per site.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

(iii) For purposes of this Section, the term "site" shall have the same meaning as under

Section 58.2 of the Environmental Protection Act.

(Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff. 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12; 97-905, eff. 8-7-12.)

(35 ILCS 5/303) (from Ch. 120, par. 3-303)

Sec. 303. (a) In general. Any item of capital gain or loss, and any item of income from rents or royalties from real or tangible personal property, interest, dividends, and patent or copyright royalties, and prizes awarded under the Illinois Lottery Law, and, for taxable years ending on or after December 31, 2013, wagering and gambling winnings from Illinois sources as set forth in subsection (e-1) of this Section, to the extent such item constitutes nonbusiness income, together with any item of deduction directly allocable thereto, shall be allocated by any person other than a resident as provided in this Section.

(b) Capital gains and losses.

(1) Real property. Capital gains and losses from sales or exchanges of real property are allocable to this State if the property is located in this State.

(2) Tangible personal property. Capital gains and losses from sales or exchanges of tangible personal property are allocable to this State if, at the time of such sale or exchange:

(A) The property had its situs in this State; or

(B) The taxpayer had its commercial domicile in this State and was not taxable in the state in which the property had its situs.

(3) Intangibles. Capital gains and losses from sales or exchanges of intangible personal property are allocable to this State if the taxpayer had its commercial domicile in this State at the time of such sale or exchange.

(c) Rents and royalties.

(1) Real property. Rents and royalties from real property are allocable to this State if the property is located in this State.

(2) Tangible personal property. Rents and royalties from tangible personal property are allocable to this State:

(A) If and to the extent that the property is utilized in this State; or

(B) In their entirety if, at the time such rents or royalties were paid or accrued,

the taxpayer had its commercial domicile in this State and was not organized under the laws of or taxable with respect to such rents or royalties in the state in which the property was utilized. The extent of utilization of tangible personal property in a state is determined by multiplying the rents or royalties derived from such property by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(d) Patent and copyright royalties.

(1) Allocation. Patent and copyright royalties are allocable to this State:

(A) If and to the extent that the patent or copyright is utilized by the payer in this State; or

(B) If and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable with respect to such royalties and, at the time such royalties were paid or accrued, the taxpayer had its commercial domicile in this State.

(2) Utilization.

(A) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in this State if the taxpayer has its commercial domicile in this State.

(B) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in this State if the taxpayer has its commercial domicile in this State.

(e) Illinois lottery prizes. Prizes awarded under the "Illinois Lottery Law", approved December 14, 1973, are allocable to this State.

(e-1) Wagering and gambling winnings. Payments received in taxable years ending on or after December 31, 2013 of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 and from gambling games conducted on a riverboat or in a casino or electronic gaming facility licensed under the Illinois Gambling Act are allocable to this State.

(e-5) Unemployment benefits. Unemployment benefits paid by the Illinois Department of Employment Security are allocable to this State.

(f) Taxability in other state. For purposes of allocation of income pursuant to this Section, a taxpayer is taxable in another state if:

(1) In that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

(g) Cross references.

(1) For allocation of interest and dividends by persons other than residents, see Section 301(c)(2).

(2) For allocation of nonbusiness income by residents, see Section 301(a).

(Source: P.A. 97-709, eff. 7-1-12.)

(35 ILCS 5/304) (from Ch. 120, par. 3-304)

Sec. 304. Business income of persons other than residents.

(a) In general. The business income of a person other than a resident shall be allocated to this State if such person's business income is derived solely from this State. If a person other than a resident derives business income from this State and one or more other states, then, for tax years ending on or before December 30, 1998, and except as otherwise provided by this Section, such person's business income shall be apportioned to this State by multiplying the income by a fraction, the numerator of which is the sum of the property factor (if any), the payroll factor (if any) and 200% of the sales factor (if any), and the denominator of which is 4 reduced by the number of factors other than the sales factor which have a denominator of zero and by an additional 2 if the sales factor has a denominator of zero. For tax years ending on or after December 31, 1998, and except as otherwise provided by this Section, persons other than residents who derive business income from this State and one or more other states shall compute their apportionment factor by weighting their property, payroll, and sales factors as provided in subsection (h) of this Section.

(1) Property factor.

(A) The property factor is a fraction, the numerator of which is the average value of the person's real and tangible personal property owned or rented and used in the trade or business in this State during the taxable year and the denominator of which is the average value of all the person's real and tangible personal property owned or rented and used in the trade or business during the taxable year.

(B) Property owned by the person is valued at its original cost. Property rented by the person is valued at 8 times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the person less any annual rental rate received by the person from sub-rentals.

(C) The average value of property shall be determined by averaging the values at the beginning and ending of the taxable year but the Director may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the person's property.

(2) Payroll factor.

(A) The payroll factor is a fraction, the numerator of which is the total amount paid in this State during the taxable year by the person for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year.

(B) Compensation is paid in this State if:

(i) The individual's service is performed entirely within this State;

(ii) The individual's service is performed both within and without this State, but the service performed without this State is incidental to the individual's service performed within this State; or

(iii) Some of the service is performed within this State and either the base of operations, or if there is no base of operations, the place from which the service is directed or controlled is within this State, or the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this State.

(iv) Compensation paid to nonresident professional athletes.

(a) General. The Illinois source income of a nonresident individual who is a member of a professional athletic team includes the portion of the individual's total compensation for services performed as a member of a professional athletic team during the taxable year which the number of duty days spent within this State performing services for the team in any manner during the taxable year bears to the total number of duty days spent both within and without this State during the taxable year.

(b) Travel days. Travel days that do not involve either a game, practice, team meeting, or other similar team event are not considered duty days spent in this State. However, such travel days are considered in the total duty days spent both within and without this State.

(c) Definitions. For purposes of this subpart (iv):

(1) The term "professional athletic team" includes, but is not limited to, any professional baseball, basketball, football, soccer, or hockey team.

(2) The term "member of a professional athletic team" includes those employees who are active players, players on the disabled list, and any other persons required to travel and who travel with and perform services on behalf of a professional athletic team on a regular basis. This includes, but is not limited to, coaches, managers, and trainers.

(3) Except as provided in items (C) and (D) of this subpart (3), the term "duty days" means all days during the taxable year from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes or is scheduled to compete. Duty days shall be counted for the year in which they occur, including where a team's official pre-season training period through the last game in which the team competes or is scheduled to compete, occurs during more than one tax year.

(A) Duty days shall also include days on which a member of a professional athletic team performs service for a team on a date that does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional "caravans"). Performing a service for a professional athletic team includes conducting training and rehabilitation activities, when such activities are conducted at team facilities.

(B) Also included in duty days are game days, practice days, days spent at team meetings, promotional caravans, preseason training camps, and days served with the team through all post-season games in which the team competes or is scheduled to compete.

(C) Duty days for any person who joins a team during the period from the beginning of the professional athletic team's official pre-season training period through the last game in which the team competes, or is scheduled to compete, shall begin on the day that person joins the team. Conversely, duty days for any person who leaves a team during this period shall end on the day that person leaves the team. Where a person switches teams during a taxable year, a separate duty-day calculation shall be made for the period the person was with each team.

(D) Days for which a member of a professional athletic team is not compensated and is not performing services for the team in any manner, including days when such member of a professional athletic team has been suspended without pay and prohibited from performing any services for the team, shall not be treated as duty days.

(E) Days for which a member of a professional athletic team is on the disabled list and does not conduct rehabilitation activities at facilities of the team, and is not otherwise performing services for the team in Illinois, shall not be considered duty days spent

in this State. All days on the disabled list, however, are considered to be included in total duty days spent both within and without this State.

(4) The term "total compensation for services performed as a member of a professional athletic team" means the total compensation received during the taxable year for services performed:

(A) from the beginning of the official pre-season training period through the last game in which the team competes or is scheduled to compete during that taxable year; and

(B) during the taxable year on a date which does not fall within the foregoing period (e.g., participation in instructional leagues, the "All Star Game", or promotional caravans).

This compensation shall include, but is not limited to, salaries, wages, bonuses as described in this subpart, and any other type of compensation paid during the taxable year to a member of a professional athletic team for services performed in that year. This compensation does not include strike benefits, severance pay, termination pay, contract or option year buy-out payments, expansion or relocation payments, or any other payments not related to services performed for the team.

For purposes of this subparagraph, "bonuses" included in "total compensation for services performed as a member of a professional athletic team" subject to the allocation described in Section 302(c)(1) are: bonuses earned as a result of play (i.e., performance bonuses) during the season, including bonuses paid for championship, playoff or "bowl" games played by a team, or for selection to all-star league or other honorary positions; and bonuses paid for signing a contract, unless the payment of the signing bonus is not conditional upon the signee playing any games for the team or performing any subsequent services for the team or even making the team, the signing bonus is payable separately from the salary and any other compensation, and the signing bonus is nonrefundable.

(3) Sales factor.

(A) The sales factor is a fraction, the numerator of which is the total sales of the person in this State during the taxable year, and the denominator of which is the total sales of the person everywhere during the taxable year.

(B) Sales of tangible personal property are in this State if:

(i) The property is delivered or shipped to a purchaser, other than the United

States government, within this State regardless of the f. o. b. point or other conditions of the sale; or

(ii) The property is shipped from an office, store, warehouse, factory or other place of storage in this State and either the purchaser is the United States government or the person is not taxable in the state of the purchaser; provided, however, that premises owned or leased by a person who has independently contracted with the seller for the printing of newspapers, periodicals or books shall not be deemed to be an office, store, warehouse, factory or other place of storage for purposes of this Section. Sales of tangible personal property are not in this State if the seller and purchaser would be members of the same unitary business group but for the fact that either the seller or purchaser is a person with 80% or more of total business activity outside of the United States and the property is purchased for resale.

(B-1) Patents, copyrights, trademarks, and similar items of intangible personal property.

(i) Gross receipts from the licensing, sale, or other disposition of a patent, copyright, trademark, or similar item of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), are in this State to the extent the item is utilized in this State during the year the gross receipts are included in gross income.

(ii) Place of utilization.

(I) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If a patent is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts of the licensee or purchaser from sales or leases of items produced, fabricated, manufactured, or processed within that state using the patent and of patented items produced within that state, divided by the total of such gross receipts for all states in which the patent is utilized.

(II) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If a copyright is utilized in more than one state, the extent to which it is utilized in any one state shall be a fraction equal to the gross receipts from sales or

licenses of materials printed or published in that state divided by the total of such gross receipts for all states in which the copyright is utilized.

(III) Trademarks and other items of intangible personal property governed by this paragraph (B-1) are utilized in the state in which the commercial domicile of the licensee or purchaser is located.

(iii) If the state of utilization of an item of property governed by this paragraph (B-1) cannot be determined from the taxpayer's books and records or from the books and records of any person related to the taxpayer within the meaning of Section 267(b) of the Internal Revenue Code, 26 U.S.C. 267, the gross receipts attributable to that item shall be excluded from both the numerator and the denominator of the sales factor.

(B-2) Gross receipts from the license, sale, or other disposition of patents, copyrights, trademarks, and similar items of intangible personal property, other than gross receipts governed by paragraph (B-7) of this item (3), may be included in the numerator or denominator of the sales factor only if gross receipts from licenses, sales, or other disposition of such items comprise more than 50% of the taxpayer's total gross receipts included in gross income during the tax year and during each of the 2 immediately preceding tax years; provided that, when a taxpayer is a member of a unitary business group, such determination shall be made on the basis of the gross receipts of the entire unitary business group.

(B-5) For taxable years ending on or after December 31, 2008, except as provided in subsections (ii) through (vii), receipts from the sale of telecommunications service or mobile telecommunications service are in this State if the customer's service address is in this State.

(i) For purposes of this subparagraph (B-5), the following terms have the following meanings:

"Ancillary services" means services that are associated with or incidental to the provision of "telecommunications services", including but not limited to "detailed telecommunications billing", "directory assistance", "vertical service", and "voice mail services".

"Air-to-Ground Radiotelephone service" means a radio service, as that term is defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

"Call-by-call Basis" means any method of charging for telecommunications services where the price is measured by individual calls.

"Communications Channel" means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points.

"Conference bridging service" means an "ancillary service" that links two or more participants of an audio or video conference call and may include the provision of a telephone number. "Conference bridging service" does not include the "telecommunications services" used to reach the conference bridge.

"Customer Channel Termination Point" means the location where the customer either inputs or receives the communications.

"Detailed telecommunications billing service" means an "ancillary service" of separately stating information pertaining to individual calls on a customer's billing statement.

"Directory assistance" means an "ancillary service" of providing telephone number information, and/or address information.

"Home service provider" means the facilities based carrier or reseller with which the customer contracts for the provision of mobile telecommunications services.

"Mobile telecommunications service" means commercial mobile radio service, as defined in Section 20.3 of Title 47 of the Code of Federal Regulations as in effect on June 1, 1999.

"Place of primary use" means the street address representative of where the customer's use of the telecommunications service primarily occurs, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" must be within the licensed service area of the home service provider.

"Post-paid telecommunication service" means the telecommunications service obtained by making a payment on a call-by-call basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications service. A post-paid calling service includes telecommunications service, except a prepaid wireless calling service, that would be a prepaid calling service except it is not exclusively a telecommunication service.

"Prepaid telecommunication service" means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Prepaid Mobile telecommunication service" means a telecommunications service that provides the right to utilize mobile wireless service as well as other non-telecommunication services, including but not limited to ancillary services, which must be paid for in advance that is sold in predetermined units or dollars of which the number declines with use in a known amount.

"Private communication service" means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels.

"Service address" means:

(a) The location of the telecommunications equipment to which a customer's call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(b) If the location in line (a) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller's telecommunications system or in information received by the seller from its service provider where the system used to transport such signals is not that of the seller; and

(c) If the locations in line (a) and line (b) are not known, the service address means the location of the customer's place of primary use.

"Telecommunications service" means the electronic transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points. The term "telecommunications service" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such service is referred to as voice over Internet protocol services or is classified by the Federal Communications Commission as enhanced or value added. "Telecommunications service" does not include:

(a) Data processing and information services that allow data to be generated, acquired, stored, processed, or retrieved and delivered by an electronic transmission to a purchaser when such purchaser's primary purpose for the underlying transaction is the processed data or information;

(b) Installation or maintenance of wiring or equipment on a customer's premises;

(c) Tangible personal property;

(d) Advertising, including but not limited to directory advertising.

(e) Billing and collection services provided to third parties;

(f) Internet access service;

(g) Radio and television audio and video programming services, regardless of the medium, including the furnishing of transmission, conveyance and routing of such services by the programming service provider. Radio and television audio and video programming services shall include but not be limited to cable service as defined in 47 USC 522(6) and audio and video programming services delivered by commercial mobile radio service providers, as defined in 47 CFR 20.3;

(h) "Ancillary services"; or

(i) Digital products "delivered electronically", including but not limited to software, music, video, reading materials or ring tones.

"Vertical service" means an "ancillary service" that is offered in connection with one or more "telecommunications services", which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including "conference bridging services".

"Voice mail service" means an "ancillary service" that enables the customer to store, send or receive recorded messages. "Voice mail service" does not include any "vertical services" that the customer may be required to have in order to utilize the "voice mail service".

(ii) Receipts from the sale of telecommunications service sold on an individual call-by-call basis are in this State if either of the following applies:

- (a) The call both originates and terminates in this State.
- (b) The call either originates or terminates in this State and the service address is located in this State.

(iii) Receipts from the sale of prepaid telecommunications service at retail are in this State if the origination point of the telecommunication signal, as first identified by the service provider's telecommunication system or as identified by information received by the seller from its service provider if the system used to transport telecommunication signals is not the seller's, is located in this State.

(iv) Receipts from the sale of prepaid telecommunications service or prepaid mobile telecommunications service at retail are in this State if the purchaser obtains the prepaid card or similar means of conveyance at a location in this State. Receipts from recharging a prepaid telecommunications service or mobile telecommunications service is in this State if the purchaser's billing information indicates a location in this State.

- (v) Receipts from the sale of private communication services are in this State as follows:

- (a) 100% of receipts from charges imposed at each channel termination point in this State.

- (b) 100% of receipts from charges for the total channel mileage between each channel termination point in this State.

- (c) 50% of the total receipts from charges for service segments when those segments are between 2 customer channel termination points, 1 of which is located in this State and the other is located outside of this State, which segments are separately charged.

- (d) The receipts from charges for service segments with a channel termination point located in this State and in two or more other states, and which segments are not separately billed, are in this State based on a percentage determined by dividing the number of customer channel termination points in this State by the total number of customer channel termination points.

(vi) Receipts from charges for ancillary services for telecommunications service sold to customers at retail are in this State if the customer's primary place of use of telecommunications services associated with those ancillary services is in this State. If the seller of those ancillary services cannot determine where the associated telecommunications are located, then the ancillary services shall be based on the location of the purchaser.

- (vii) Receipts to access a carrier's network or from the sale of telecommunication services or ancillary services for resale are in this State as follows:

- (a) 100% of the receipts from access fees attributable to intrastate telecommunications service that both originates and terminates in this State.

- (b) 50% of the receipts from access fees attributable to interstate telecommunications service if the interstate call either originates or terminates in this State.

- (c) 100% of the receipts from interstate end user access line charges, if the customer's service address is in this State. As used in this subdivision, "interstate end user access line charges" includes, but is not limited to, the surcharge approved by the federal communications commission and levied pursuant to 47 CFR 69.

- (d) Gross receipts from sales of telecommunication services or from ancillary services for telecommunications services sold to other telecommunication service providers for resale shall be sourced to this State using the apportionment concepts used for non-resale receipts of telecommunications services if the information is readily available to make that determination. If the information is not readily available, then the taxpayer may use any other reasonable and consistent method.

(B-7) For taxable years ending on or after December 31, 2008, receipts from the sale of broadcasting services are in this State if the broadcasting services are received in this State. For purposes of this paragraph (B-7), the following terms have the following meanings:

"Advertising revenue" means consideration received by the taxpayer in exchange for broadcasting services or allowing the broadcasting of commercials or announcements in connection with the broadcasting of film or radio programming, from sponsorships of the programming, or from product placements in the programming.

"Audience factor" means the ratio that the audience or subscribers located in this State of a station, a network, or a cable system bears to the total audience or total subscribers for that station, network, or cable system. The audience factor for film or radio programming shall be determined by reference to the books and records of the taxpayer or by reference to published rating

statistics provided the method used by the taxpayer is consistently used from year to year for this purpose and fairly represents the taxpayer's activity in this State.

"Broadcast" or "broadcasting" or "broadcasting services" means the transmission or provision of film or radio programming, whether through the public airwaves, by cable, by direct or indirect satellite transmission, or by any other means of communication, either through a station, a network, or a cable system.

"Film" or "film programming" means the broadcast on television of any and all performances, events, or productions, including but not limited to news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of video tape, disc, or any other type of format or medium. Each episode of a series of films produced for television shall constitute separate "film" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

"Radio" or "radio programming" means the broadcast on radio of any and all performances, events, or productions, including but not limited to news, sporting events, plays, stories, or other literary, commercial, educational, or artistic works, either live or through the use of an audio tape, disc, or any other format or medium. Each episode in a series of radio programming produced for radio broadcast shall constitute a separate "radio programming" notwithstanding that the series relates to the same principal subject and is produced during one or more tax periods.

(i) In the case of advertising revenue from broadcasting, the customer is the advertiser and the service is received in this State if the commercial domicile of the advertiser is in this State.

(ii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration received from the recipient of the broadcast, the portion of the service that is received in this State is measured by the portion of the recipients of the broadcast located in this State. Accordingly, the fee or other remuneration for such service that is included in the Illinois numerator of the sales factor is the total of those fees or other remuneration received from recipients in Illinois. For purposes of this paragraph, a taxpayer may determine the location of the recipients of its broadcast using the address of the recipient shown in its contracts with the recipient or using the billing address of the recipient in the taxpayer's records.

(iii) In the case where film or radio programming is broadcast by a station, a network, or a cable system for a fee or other remuneration from the person providing the programming, the portion of the broadcast service that is received by such station, network, or cable system in this State is measured by the portion of recipients of the broadcast located in this State. Accordingly, the amount of revenue related to such an arrangement that is included in the Illinois numerator of the sales factor is the total fee or other total remuneration from the person providing the programming related to that broadcast multiplied by the Illinois audience factor for that broadcast.

(iv) In the case where film or radio programming is provided by a taxpayer that is a network or station to a customer for broadcast in exchange for a fee or other remuneration from that customer the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(v) In the case where film or radio programming is provided by a taxpayer that is not a network or station to another person for broadcasting in exchange for a fee or other remuneration from that person, the broadcasting service is received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. Accordingly, in such a case the revenue derived by the taxpayer that is included in the taxpayer's Illinois numerator of the sales factor is the revenue from such customers who receive the broadcasting service in Illinois.

(B-8) For taxable years ending on or after December 31, 2013, gross receipts from winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from winnings from gambling games conducted on a riverboat or in a casino or electronic gaming facility licensed under the Illinois Gambling Act are in this State.

(C) For taxable years ending before December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), and (B-2), are in this State if:

(i) The income-producing activity is performed in this State; or

[March 6, 2013]

(ii) The income-producing activity is performed both within and without this State and a greater proportion of the income-producing activity is performed within this State than without this State, based on performance costs.

(C-5) For taxable years ending on or after December 31, 2008, sales, other than sales governed by paragraphs (B), (B-1), (B-2), (B-5), and (B-7), are in this State if any of the following criteria are met:

(i) Sales from the sale or lease of real property are in this State if the property is located in this State.

(ii) Sales from the lease or rental of tangible personal property are in this State if the property is located in this State during the rental period. Sales from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are in this State to the extent that the property is used in this State.

(iii) In the case of interest, net gains (but not less than zero) and other items of income from intangible personal property, the sale is in this State if:

(a) in the case of a taxpayer who is a dealer in the item of intangible personal property within the meaning of Section 475 of the Internal Revenue Code, the income or gain is received from a customer in this State. For purposes of this subparagraph, a customer is in this State if the customer is an individual, trust or estate who is a resident of this State and, for all other customers, if the customer's commercial domicile is in this State. Unless the dealer has actual knowledge of the residence or commercial domicile of a customer during a taxable year, the customer shall be deemed to be a customer in this State if the billing address of the customer, as shown in the records of the dealer, is in this State; or

(b) in all other cases, if the income-producing activity of the taxpayer is performed in this State or, if the income-producing activity of the taxpayer is performed both within and without this State, if a greater proportion of the income-producing activity of the taxpayer is performed within this State than in any other state, based on performance costs.

(iv) Sales of services are in this State if the services are received in this State.

For the purposes of this section, gross receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where that corporation, partnership, or trust has a fixed place of business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed. If the taxpayer is not taxable in the state in which the services are received, the sale must be excluded from both the numerator and the denominator of the sales factor. The Department shall adopt rules prescribing where specific types of service are received, including, but not limited to, publishing, and utility service.

(D) For taxable years ending on or after December 31, 1995, the following items of income shall not be included in the numerator or denominator of the sales factor: dividends; amounts included under Section 78 of the Internal Revenue Code; and Subpart F income as defined in Section 952 of the Internal Revenue Code. No inference shall be drawn from the enactment of this paragraph (D) in construing this Section for taxable years ending before December 31, 1995.

(E) Paragraphs (B-1) and (B-2) shall apply to tax years ending on or after December 31, 1999, provided that a taxpayer may elect to apply the provisions of these paragraphs to prior tax years. Such election shall be made in the form and manner prescribed by the Department, shall be irrevocable, and shall apply to all tax years; provided that, if a taxpayer's Illinois income tax liability for any tax year, as assessed under Section 903 prior to January 1, 1999, was computed in a manner contrary to the provisions of paragraphs (B-1) or (B-2), no refund shall be payable to the taxpayer for that tax year to the extent such refund is the result of applying the provisions of paragraph (B-1) or (B-2) retroactively. In the case of a unitary business group, such election shall apply to all members of such group for every tax year such group is in existence, but shall not apply to any taxpayer for any period during which that taxpayer is not a member of such group.

(b) Insurance companies.

(1) In general. Except as otherwise provided by paragraph (2), business income of an insurance company for a taxable year shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the direct premiums written for insurance upon property or risk

in this State, and the denominator of which is the direct premiums written for insurance upon property or risk everywhere. For purposes of this subsection, the term "direct premiums written" means the total amount of direct premiums written, assessments and annuity considerations as reported for the taxable year on the annual statement filed by the company with the Illinois Director of Insurance in the form approved by the National Convention of Insurance Commissioners or such other form as may be prescribed in lieu thereof.

(2) Reinsurance. If the principal source of premiums written by an insurance company consists of premiums for reinsurance accepted by it, the business income of such company shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the sum of (i) direct premiums written for insurance upon property or risk in this State, plus (ii) premiums written for reinsurance accepted in respect of property or risk in this State, and the denominator of which is the sum of (iii) direct premiums written for insurance upon property or risk everywhere, plus (iv) premiums written for reinsurance accepted in respect of property or risk everywhere. For purposes of this paragraph, premiums written for reinsurance accepted in respect of property or risk in this State, whether or not otherwise determinable, may, at the election of the company, be determined on the basis of the proportion which premiums written for reinsurance accepted from companies commercially domiciled in Illinois bears to premiums written for reinsurance accepted from all sources, or, alternatively, in the proportion which the sum of the direct premiums written for insurance upon property or risk in this State by each ceding company from which reinsurance is accepted bears to the sum of the total direct premiums written by each such ceding company for the taxable year. The election made by a company under this paragraph for its first taxable year ending on or after December 31, 2011, shall be binding for that company for that taxable year and for all subsequent taxable years, and may be altered only with the written permission of the Department, which shall not be unreasonably withheld.

(c) Financial organizations.

(1) In general. For taxable years ending before December 31, 2008, business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For the purposes of this subsection, the business income of a financial organization from sources within this State is the sum of the amounts referred to in subparagraphs (A) through (E) following, but excluding the adjusted income of an international banking facility as determined in paragraph (2):

(A) Fees, commissions or other compensation for financial services rendered within this State;

(B) Gross profits from trading in stocks, bonds or other securities managed within this State;

(C) Dividends, and interest from Illinois customers, which are received within this State;

(D) Interest charged to customers at places of business maintained within this State for carrying debit balances of margin accounts, without deduction of any costs incurred in carrying such accounts; and

(E) Any other gross income resulting from the operation as a financial organization within this State. In computing the amounts referred to in paragraphs (A) through (E) of this subsection, any amount received by a member of an affiliated group (determined under Section 1504(a) of the Internal Revenue Code but without reference to whether any such corporation is an "includible corporation" under Section 1504(b) of the Internal Revenue Code) from another member of such group shall be included only to the extent such amount exceeds expenses of the recipient directly related thereto.

(2) International Banking Facility. For taxable years ending before December 31, 2008:

(A) Adjusted Income. The adjusted income of an international banking facility is its income reduced by the amount of the floor amount.

(B) Floor Amount. The floor amount shall be the amount, if any, determined by multiplying the income of the international banking facility by a fraction, not greater than one, which is determined as follows:

(i) The numerator shall be:

The average aggregate, determined on a quarterly basis, of the financial organization's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, as reported for its branches, agencies and offices within the state on its

"Consolidated Report of Condition", Schedule A, Lines 2.c., 5.b., and 7.a., which was filed with the Federal Deposit Insurance Corporation and other regulatory authorities, for the year 1980, minus

The average aggregate, determined on a quarterly basis, of such loans (other than loans of an international banking facility), as reported by the financial institution for its branches, agencies and offices within the state, on the corresponding Schedule and lines of the Consolidated Report of Condition for the current taxable year, provided, however, that in no case shall the amount determined in this clause (the subtrahend) exceed the amount determined in the preceding clause (the minuend); and

(ii) the denominator shall be the average aggregate, determined on a quarterly basis, of the international banking facility's loans to banks in foreign countries, to foreign domiciled borrowers (except where secured primarily by real estate) and to foreign governments and other foreign official institutions, which were recorded in its financial accounts for the current taxable year.

(C) Change to Consolidated Report of Condition and in Qualification. In the event the Consolidated Report of Condition which is filed with the Federal Deposit Insurance Corporation and other regulatory authorities is altered so that the information required for determining the floor amount is not found on Schedule A, lines 2.c., 5.b. and 7.a., the financial institution shall notify the Department and the Department may, by regulations or otherwise, prescribe or authorize the use of an alternative source for such information. The financial institution shall also notify the Department should its international banking facility fail to qualify as such, in whole or in part, or should there be any amendment or change to the Consolidated Report of Condition, as originally filed, to the extent such amendment or change alters the information used in determining the floor amount.

(3) For taxable years ending on or after December 31, 2008, the business income of a financial organization shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is its gross receipts from sources in this State or otherwise attributable to this State's marketplace and the denominator of which is its gross receipts everywhere during the taxable year. "Gross receipts" for purposes of this subparagraph (3) means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the financial organization's trade or business. The following examples are illustrative:

(i) Receipts from the lease or rental of real or tangible personal property are in this State if the property is located in this State during the rental period. Receipts from the lease or rental of tangible personal property that is characteristically moving property, including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are from sources in this State to the extent that the property is used in this State.

(ii) Interest income, commissions, fees, gains on disposition, and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property are from sources in this State if the security is located in this State.

(iii) Interest income, commissions, fees, gains on disposition, and other receipts from consumer loans that are not secured by real or tangible personal property are from sources in this State if the debtor is a resident of this State.

(iv) Interest income, commissions, fees, gains on disposition, and other receipts from commercial loans and installment obligations that are not secured by real or tangible personal property are from sources in this State if the proceeds of the loan are to be applied in this State. If it cannot be determined where the funds are to be applied, the income and receipts are from sources in this State if the office of the borrower from which the loan was negotiated in the regular course of business is located in this State. If the location of this office cannot be determined, the income and receipts shall be excluded from the numerator and denominator of the sales factor.

(v) Interest income, fees, gains on disposition, service charges, merchant discount income, and other receipts from credit card receivables are from sources in this State if the card charges are regularly billed to a customer in this State.

(vi) Receipts from the performance of services, including, but not limited to, fiduciary, advisory, and brokerage services, are in this State if the services are received in this State within the meaning of subparagraph (a)(3)(C-5)(iv) of this Section.

(vii) Receipts from the issuance of travelers checks and money orders are from sources in this State if the checks and money orders are issued from a location within this State.

(viii) Receipts from investment assets and activities and trading assets and activities are included in the receipts factor as follows:

(1) Interest, dividends, net gains (but not less than zero) and other income from investment assets and activities from trading assets and activities shall be included in the receipts factor. Investment assets and activities and trading assets and activities include but are not limited to: investment securities; trading account assets; federal funds; securities purchased and sold under agreements to resell or repurchase; options; futures contracts; forward contracts; notional principal contracts such as swaps; equities; and foreign currency transactions. With respect to the investment and trading assets and activities described in subparagraphs (A) and (B) of this paragraph, the receipts factor shall include the amounts described in such subparagraphs.

(A) The receipts factor shall include the amount by which interest from federal funds sold and securities purchased under resale agreements exceeds interest expense on federal funds purchased and securities sold under repurchase agreements.

(B) The receipts factor shall include the amount by which interest, dividends, gains and other income from trading assets and activities, including but not limited to assets and activities in the matched book, in the arbitrage book, and foreign currency transactions, exceed amounts paid in lieu of interest, amounts paid in lieu of dividends, and losses from such assets and activities.

(2) The numerator of the receipts factor includes interest, dividends, net gains (but not less than zero), and other income from investment assets and activities and from trading assets and activities described in paragraph (1) of this subsection that are attributable to this State.

(A) The amount of interest, dividends, net gains (but not less than zero), and other income from investment assets and activities in the investment account to be attributed to this State and included in the numerator is determined by multiplying all such income from such assets and activities by a fraction, the numerator of which is the gross income from such assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(B) The amount of interest from federal funds sold and purchased and from securities purchased under resale agreements and securities sold under repurchase agreements attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (A) of paragraph (1) of this subsection from such funds and such securities by a fraction, the numerator of which is the gross income from such funds and such securities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such funds and such securities.

(C) The amount of interest, dividends, gains, and other income from trading assets and activities, including but not limited to assets and activities in the matched book, in the arbitrage book and foreign currency transactions (but excluding amounts described in subparagraphs (A) or (B) of this paragraph), attributable to this State and included in the numerator is determined by multiplying the amount described in subparagraph (B) of paragraph (1) of this subsection by a fraction, the numerator of which is the gross income from such trading assets and activities which are properly assigned to a fixed place of business of the taxpayer within this State and the denominator of which is the gross income from all such assets and activities.

(D) Properly assigned, for purposes of this paragraph (2) of this subsection, means the investment or trading asset or activity is assigned to the fixed place of business with which it has a preponderance of substantive contacts. An investment or trading asset or activity assigned by the taxpayer to a fixed place of business without the State shall be presumed to have been properly assigned if:

(i) the taxpayer has assigned, in the regular course of its business,

such asset or activity on its records to a fixed place of business consistent with federal or state regulatory requirements;

(ii) such assignment on its records is based upon substantive contacts of the asset or activity to such fixed place of business; and

(iii) the taxpayer uses such records reflecting assignment of such assets or activities for the filing of all state and local tax returns for which an assignment of such assets or activities to a fixed place of business is required.

(E) The presumption of proper assignment of an investment or trading asset or activity provided in subparagraph (D) of paragraph (2) of this subsection may be rebutted

upon a showing by the Department, supported by a preponderance of the evidence, that the preponderance of substantive contacts regarding such asset or activity did not occur at the fixed place of business to which it was assigned on the taxpayer's records. If the fixed place of business that has a preponderance of substantive contacts cannot be determined for an investment or trading asset or activity to which the presumption in subparagraph (D) of paragraph (2) of this subsection does not apply or with respect to which that presumption has been rebutted, that asset or activity is properly assigned to the state in which the taxpayer's commercial domicile is located. For purposes of this subparagraph (E), it shall be presumed, subject to rebuttal, that taxpayer's commercial domicile is in the state of the United States or the District of Columbia to which the greatest number of employees are regularly connected with the management of the investment or trading income or out of which they are working, irrespective of where the services of such employees are performed, as of the last day of the taxable year.

(4) (Blank).

(5) (Blank).

(c-1) Federally regulated exchanges. For taxable years ending on or after December 31, 2012, business income of a federally regulated exchange shall, at the option of the federally regulated exchange, be apportioned to this State by multiplying such income by a fraction, the numerator of which is its business income from sources within this State, and the denominator of which is its business income from all sources. For purposes of this subsection, the business income within this State of a federally regulated exchange is the sum of the following:

(1) Receipts attributable to transactions executed on a physical trading floor if that physical trading floor is located in this State.

(2) Receipts attributable to all other matching, execution, or clearing transactions, including without limitation receipts from the provision of matching, execution, or clearing services to another entity, multiplied by (i) for taxable years ending on or after December 31, 2012 but before December 31, 2013, 63.77%; and (ii) for taxable years ending on or after December 31, 2013, 27.54%.

(3) All other receipts not governed by subparagraphs (1) or (2) of this subsection

(c-1), to the extent the receipts would be characterized as "sales in this State" under item (3) of subsection (a) of this Section.

"Federally regulated exchange" means (i) a "registered entity" within the meaning of 7 U.S.C. Section 1a(40)(A), (B), or (C), (ii) an "exchange" or "clearing agency" within the meaning of 15 U.S.C. Section 78c (a)(1) or (23), (iii) any such entities regulated under any successor regulatory structure to the foregoing, and (iv) all taxpayers who are members of the same unitary business group as a federally regulated exchange, determined without regard to the prohibition in Section 1501(a)(27) of this Act against including in a unitary business group taxpayers who are ordinarily required to apportion business income under different subsections of this Section; provided that this subparagraph (iv) shall apply only if 50% or more of the business receipts of the unitary business group determined by application of this subparagraph (iv) for the taxable year are attributable to the matching, execution, or clearing of transactions conducted by an entity described in subparagraph (i), (ii), or (iii) of this paragraph.

In no event shall the Illinois apportionment percentage computed in accordance with this subsection (c-1) for any taxpayer for any tax year be less than the Illinois apportionment percentage computed under this subsection (c-1) for that taxpayer for the first full tax year ending on or after December 31, 2013 for which this subsection (c-1) applied to the taxpayer.

(d) Transportation services. For taxable years ending before December 31, 2008, business income derived from furnishing transportation services shall be apportioned to this State in accordance with paragraphs (1) and (2):

(1) Such business income (other than that derived from transportation by pipeline) shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of 1 passenger or 1 net ton of freight the distance of 1 mile for a consideration. Where a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's

(A) relative railway operating income from total passenger and total freight service, as reported to the Interstate Commerce Commission, in the case of transportation by railroad, and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(2) Such business income derived from transportation by pipeline shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For the purposes of this paragraph, a revenue mile is the transportation by pipeline of 1 barrel of oil, 1,000 cubic feet of gas, or of any specified quantity of any other substance, the distance of 1 mile for a consideration.

(3) For taxable years ending on or after December 31, 2008, business income derived from providing transportation services other than airline services shall be apportioned to this State by using a fraction, (a) the numerator of which shall be (i) all receipts from any movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline) that both originates and terminates in this State, plus (ii) that portion of the person's gross receipts from movements or shipments of people, goods, mail, oil, gas, or any other substance (other than by airline) that originates in one state or jurisdiction and terminates in another state or jurisdiction, that is determined by the ratio that the miles traveled in this State bears to total miles everywhere and (b) the denominator of which shall be all revenue derived from the movement or shipment of people, goods, mail, oil, gas, or any other substance (other than by airline). Where a taxpayer is engaged in the transportation of both passengers and freight, the fraction above referred to shall first be determined separately for passenger miles and freight miles. Then an average of the passenger miles fraction and the freight miles fraction shall be weighted to reflect the taxpayer's:

(A) relative railway operating income from total passenger and total freight service, as reported to the Surface Transportation Board, in the case of transportation by railroad; and

(B) relative gross receipts from passenger and freight transportation, in case of transportation other than by railroad.

(4) For taxable years ending on or after December 31, 2008, business income derived from furnishing airline transportation services shall be apportioned to this State by multiplying such income by a fraction, the numerator of which is the revenue miles of the person in this State, and the denominator of which is the revenue miles of the person everywhere. For purposes of this paragraph, a revenue mile is the transportation of one passenger or one net ton of freight the distance of one mile for a consideration. If a person is engaged in the transportation of both passengers and freight, the fraction above referred to shall be determined by means of an average of the passenger revenue mile fraction and the freight revenue mile fraction, weighted to reflect the person's relative gross receipts from passenger and freight airline transportation.

(e) Combined apportionment. Where 2 or more persons are engaged in a unitary business as described in subsection (a)(27) of Section 1501, a part of which is conducted in this State by one or more members of the group, the business income attributable to this State by any such member or members shall be apportioned by means of the combined apportionment method.

(f) Alternative allocation. If the allocation and apportionment provisions of subsections (a) through (e) and of subsection (h) do not fairly represent the extent of a person's business activity in this State, the person may petition for, or the Director may, without a petition, permit or require, in respect of all or any part of the person's business activity, if reasonable:

- (1) Separate accounting;
- (2) The exclusion of any one or more factors;
- (3) The inclusion of one or more additional factors which will fairly represent the person's business activities in this State; or
- (4) The employment of any other method to effectuate an equitable allocation and apportionment of the person's business income.

(g) Cross reference. For allocation of business income by residents, see Section 301(a).

(h) For tax years ending on or after December 31, 1998, the apportionment factor of persons who apportion their business income to this State under subsection (a) shall be equal to:

- (1) for tax years ending on or after December 31, 1998 and before December 31, 1999, $16 \frac{2}{3}\%$ of the property factor plus $16 \frac{2}{3}\%$ of the payroll factor plus $66 \frac{2}{3}\%$ of the sales factor;
- (2) for tax years ending on or after December 31, 1999 and before December 31, 2000, $8 \frac{1}{3}\%$ of the property factor plus $8 \frac{1}{3}\%$ of the payroll factor plus $83 \frac{1}{3}\%$ of the sales factor;
- (3) for tax years ending on or after December 31, 2000, the sales factor.

If, in any tax year ending on or after December 31, 1998 and before December 31, 2000, the denominator of the payroll, property, or sales factor is zero, the apportionment factor computed in

paragraph (1) or (2) of this subsection for that year shall be divided by an amount equal to 100% minus the percentage weight given to each factor whose denominator is equal to zero.

(Source: P.A. 96-763, eff. 8-25-09; 97-507, eff. 8-23-11; 97-636, eff. 6-1-12.)

(35 ILCS 5/710) (from Ch. 120, par. 7-710)

Sec. 710. Withholding from lottery winnings.

(a) In General.

(1) Any person making a payment to a resident or nonresident of winnings under the Illinois Lottery Law and not required to withhold Illinois income tax from such payment under Subsection (b) of Section 701 of this Act because those winnings are not subject to Federal income tax withholding, must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that withholding is not required if such payment of winnings is less than \$1,000.

(2) Any person making a payment after December 31, 2013 to a resident or nonresident of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from gambling games conducted on a riverboat or in a casino or electronic gaming facility licensed under the Illinois Gambling Act must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that the person making the payment is required to withhold under Section 3402(q) of the Internal Revenue Code.

(b) Credit for taxes withheld. Any amount withheld under Subsection (a) shall be a credit against the Illinois income tax liability of the person to whom the payment of winnings was made for the taxable year in which that person incurred an Illinois income tax liability with respect to those winnings.

(Source: P.A. 85-731.)

Section 90-23. The Property Tax Code is amended by adding Section 15-144 as follows:

(35 ILCS 200/15-144 new)

Sec. 15-144. Chicago Casino Development Authority. All property owned by the Chicago Casino Development Authority is exempt. Any property owned by the Chicago Casino Development Authority and leased to any other entity is not exempt.

Section 90-24. The Illinois Municipal Code is amended by adding Section 8-10-2.6 as follows:

(65 ILCS 5/8-10-2.6 new)

Sec. 8-10-2.6. Chicago Casino Development Authority. Except as otherwise provided in the Chicago Casino Development Authority Act, this Division 10 applies to purchase orders and contracts relating to the Chicago Casino Development Authority.

Section 90-25. The Joliet Regional Port District Act is amended by changing Section 5.1 as follows:

(70 ILCS 1825/5.1) (from Ch. 19, par. 255.1)

Sec. 5.1. Riverboat and casino gambling. Notwithstanding any other provision of this Act, the District may not regulate the operation, conduct, or navigation of any riverboat gambling casino licensed under the ~~Illinois Riverboat~~ Gambling Act, and the District may not license, tax, or otherwise levy any assessment of any kind on any riverboat gambling casino licensed under the ~~Illinois Riverboat~~ Gambling Act. The General Assembly declares that the powers to regulate the operation, conduct, and navigation of riverboat gambling casinos and to license, tax, and levy assessments upon riverboat gambling casinos are exclusive powers of the State of Illinois and the Illinois Gaming Board as provided in the ~~Illinois Riverboat~~ Gambling Act.

(Source: P.A. 87-1175.)

Section 90-30. The Consumer Installment Loan Act is amended by changing Section 12.5 as follows:

(205 ILCS 670/12.5)

Sec. 12.5. Limited purpose branch.

(a) Upon the written approval of the Director, a licensee may maintain a limited purpose branch for the sole purpose of making loans as permitted by this Act. A limited purpose branch may include an automatic loan machine. No other activity shall be conducted at the site, including but not limited to, accepting payments, servicing the accounts, or collections.

(b) The licensee must submit an application for a limited purpose branch to the Director on forms prescribed by the Director with an application fee of \$300. The approval for the limited purpose branch must be renewed concurrently with the renewal of the licensee's license along with a renewal fee of \$300 for the limited purpose branch.

(c) The books, accounts, records, and files of the limited purpose branch's transactions shall be maintained at the licensee's licensed location. The licensee shall notify the Director of the licensed location at which the books, accounts, records, and files shall be maintained.

(d) The licensee shall prominently display at the limited purpose branch the address and telephone number of the licensee's licensed location.

(e) No other business shall be conducted at the site of the limited purpose branch unless authorized by the Director.

(f) The Director shall make and enforce reasonable rules for the conduct of a limited purpose branch.

(g) A limited purpose branch may not be located within 1,000 feet of a facility operated by an inter-track wagering licensee or an organization licensee subject to the Illinois Horse Racing Act of 1975, on a riverboat or in a casino subject to the Illinois Riverboat Gambling Act, or within 1,000 feet of the location at which the riverboat docks or within 1,000 feet of a casino.

(Source: P.A. 90-437, eff. 1-1-98.)

Section 90-35. The Illinois Horse Racing Act of 1975 is amended by changing Sections 1.2, 3.11, 3.12, 6, 9, 15, 18, 19, 20, 21, 24, 25, 26, 27, 30, 30.5, 31, 31.1, 32.1, 36, 40, and 54.75 and by adding Sections 3.31, 3.32, 3.33, 3.35, 3.36, 3.37, 34.3, 39.2, and 56 as follows:

(230 ILCS 5/1.2)

Sec. 1.2. Legislative intent. This Act is intended to benefit the people of the State of Illinois by encouraging the breeding and production of race horses, assisting economic development and promoting Illinois tourism. The General Assembly finds and declares it to be the public policy of the State of Illinois to:

(a) support and enhance Illinois' horse racing industry, which is a significant component within the agribusiness industry;

(b) ensure that Illinois' horse racing industry remains competitive with neighboring states;

(c) stimulate growth within Illinois' horse racing industry, thereby encouraging new investment and development to produce additional tax revenues and to create additional jobs;

(d) promote the further growth of tourism;

(e) encourage the breeding of thoroughbred and standardbred horses in this State; and

(f) ensure that public confidence and trust in the credibility and integrity of racing operations and the regulatory process is maintained.

(Source: P.A. 91-40, eff. 6-25-99.)

(230 ILCS 5/3.11) (from Ch. 8, par. 37-3.11)

Sec. 3.11. "Organization Licensee" means any person receiving an organization license from the Board to conduct a race meeting or meetings. With respect only to electronic gaming, "organization licensee" includes the authorization for an electronic gaming license under subsection (a) of Section 56 of this Act.

(Source: P.A. 79-1185.)

(230 ILCS 5/3.12) (from Ch. 8, par. 37-3.12)

Sec. 3.12. Pari-mutuel system of wagering. "Pari-mutuel system of wagering" means a form of wagering on the outcome of horse races in which wagers are made in various denominations on a horse or horses and all wagers for each race are pooled and held by a licensee for distribution in a manner approved by the Board. "Pari-mutuel system of wagering" shall not include wagering on historic races. Wagers may be placed via any method or at any location authorized under this Act.

(Source: P.A. 96-762, eff. 8-25-09.)

(230 ILCS 5/3.31 new)

Sec. 3.31. Adjusted gross receipts. "Adjusted gross receipts" means the gross receipts less winnings paid to wagerers.

(230 ILCS 5/3.32 new)

Sec. 3.32. Gross receipts. "Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens, or electronic cards by riverboat or casino patrons or electronic gaming patrons.

(230 ILCS 5/3.33 new)

Sec. 3.33. Electronic gaming. "Electronic gaming" means slot machine gambling, video game of chance gambling, or gambling with electronic gambling games as defined in the Illinois Gambling Act or defined by the Illinois Gaming Board that is conducted at a race track pursuant to an electronic gaming license.

(230 ILCS 5/3.35 new)

Sec. 3.35. Electronic gaming license. "Electronic gaming license" means a license issued by the

Illinois Gaming Board under Section 7.6 of the Illinois Gambling Act authorizing electronic gaming at an electronic gaming facility.

(230 ILCS 5/3.36 new)

Sec. 3.36. Electronic gaming facility. "Electronic gaming facility" means that portion of an organization licensee's race track facility at which electronic gaming is conducted.

(230 ILCS 5/3.37 new)

Sec. 3.37. Purse. "Purse" means the amount of money won by the owner of any competitor in a race. For purposes of calculating owners' awards and breeders' awards pursuant to Sections 30, 30.5, and 31 of this Act, "purse" shall only include the amount paid from the purse account of the organization licensee, and does not include (i) any fees paid by the owners of the horses nominated to, entered in, or starting in a horse race meeting and any money added by the organization licensee, and (ii) any purse supplements, stakes and awards, and awards expended from the Illinois Thoroughbred Breeders Fund, the Illinois Quarter Horse Breeders Fund, and the Illinois Standardbred Breeders Fund.

(230 ILCS 5/6) (from Ch. 8, par. 37-6)

Sec. 6. Restrictions on Board members.

(a) No person shall be appointed a member of the Board or continue to be a member of the Board if the person or any member of their immediate family is a member of the Board of Directors, employee, or financially interested in any of the following: (i) any licensee or other person who has applied for racing dates to the Board, or the operations thereof including, but not limited to, concessions, data processing, track maintenance, track security, and pari-mutuel operations, located, scheduled or doing business within the State of Illinois, (ii) any race horse competing at a meeting under the Board's jurisdiction, or (iii) any licensee under the Illinois Gambling Act. No person shall be appointed a member of the Board or continue to be a member of the Board who is (or any member of whose family is) a member of the Board of Directors of, or who is a person financially interested in, any licensee or other person who has applied for racing dates to the Board, or the operations thereof including, but not limited to, concessions, data processing, track maintenance, track security and pari-mutuel operations, located, scheduled or doing business within the State of Illinois, or in any race horse competing at a meeting under the Board's jurisdiction. No Board member shall hold any other public office for which he shall receive compensation other than necessary travel or other incidental expenses.

(b) No person shall be a member of the Board who is not of good moral character or who has been convicted of, or is under indictment for, a felony under the laws of Illinois or any other state, or the United States.

(c) No member of the Board or employee shall engage in any political activity.

For the purposes of this subsection (c):

"Political" means any activity in support of or in connection with any campaign for State or local elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action (as those terms are defined in Section 2 of the Lobbyist Registration Act), (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official State duties or governmental and public service functions.

"Political organization" means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or county clerk under Section 9-3 of the Election Code, but only with regard to those activities that require filing with the State Board of Elections or county clerk.

(d) Board members and employees may not engage in communications or any activity that may cause or have the appearance of causing a conflict of interest. A conflict of interest exists if a situation influences or creates the appearance that it may influence judgment or performance of regulatory duties and responsibilities. This prohibition shall extend to any act identified by Board action that, in the judgment of the Board, could represent the potential for or the appearance of a conflict of interest.

(e) Board members and employees may not accept any gift, gratuity, service, compensation, travel, lodging, or thing of value, with the exception of unsolicited items of an incidental nature, from any person, corporation, limited liability company, or entity doing business with the Board.

(f) A Board member or employee shall not use or attempt to use his or her official position to secure, or attempt to secure, any privilege, advantage, favor, or influence for himself or herself or others. No Board member or employee, within a period of one year immediately preceding nomination by the Governor or employment, shall have been employed or received compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Board, a licensee or a licensee under the Illinois Gambling Act. In addition, all Board members and employees are subject to the restrictions set forth in Section 5-45 of the State Officials and Employees Ethics Act.

(Source: P.A. 89-16, eff. 5-30-95.)

(230 ILCS 5/9) (from Ch. 8, par. 37-9)

Sec. 9. The Board shall have all powers necessary and proper to fully and effectively execute the provisions of this Act, including, but not limited to, the following:

(a) The Board is vested with jurisdiction and supervision over all race meetings in this State, over all licensees doing business in this State, over all occupation licensees, and over all persons on the facilities of any licensee. Such jurisdiction shall include the power to issue licenses to the Illinois Department of Agriculture authorizing the pari-mutuel system of wagering on harness and Quarter Horse races held (1) at the Illinois State Fair in Sangamon County, and (2) at the DuQuoin State Fair in Perry County. The jurisdiction of the Board shall also include the power to issue licenses to county fairs which are eligible to receive funds pursuant to the Agricultural Fair Act, as now or hereafter amended, or their agents, authorizing the pari-mutuel system of wagering on horse races conducted at the county fairs receiving such licenses. Such licenses shall be governed by subsection (n) of this Section.

Upon application, the Board shall issue a license to the Illinois Department of Agriculture to conduct harness and Quarter Horse races at the Illinois State Fair and at the DuQuoin State Fairgrounds during the scheduled dates of each fair. The Board shall not require and the Department of Agriculture shall be exempt from the requirements of Sections 15.3, 18 and 19, paragraphs (a)(2), (b), (c), (d), (e), (e-5), (e-10), (f), (g), and (h) of Section 20, and Sections 21, 24 and 25. The Board and the Department of Agriculture may extend any or all of these exemptions to any contractor or agent engaged by the Department of Agriculture to conduct its race meetings when the Board determines that this would best serve the public interest and the interest of horse racing.

Notwithstanding any provision of law to the contrary, it shall be lawful for any licensee to operate pari-mutuel wagering or contract with the Department of Agriculture to operate pari-mutuel wagering at the DuQuoin State Fairgrounds or for the Department to enter into contracts with a licensee, employ its owners, employees or agents and employ such other occupation licensees as the Department deems necessary in connection with race meetings and wagerings.

(b) The Board is vested with the full power to promulgate reasonable rules and regulations for the purpose of administering the provisions of this Act and to prescribe reasonable rules, regulations and conditions under which all horse race meetings or wagering in the State shall be conducted. Such reasonable rules and regulations are to provide for the prevention of practices detrimental to the public interest and to promote the best interests of horse racing and to impose penalties for violations thereof.

(c) The Board, and any person or persons to whom it delegates this power, is vested with the power to enter the facilities and other places of business of any licensee to determine whether there has been compliance with the provisions of this Act and its rules and regulations.

(d) The Board, and any person or persons to whom it delegates this power, is vested with the authority to investigate alleged violations of the provisions of this Act, its reasonable rules and regulations, orders and final decisions; the Board shall take appropriate disciplinary action against any licensee or occupation licensee for violation thereof or institute appropriate legal action for the enforcement thereof.

(e) The Board, and any person or persons to whom it delegates this power, may eject or exclude from any race meeting or the facilities of any licensee, or any part thereof, any occupation licensee or any other individual whose conduct or reputation is such that his presence on those facilities may, in the opinion of the Board, call into question the honesty and integrity of horse racing or wagering or interfere with the orderly conduct of horse racing or wagering; provided, however, that no person shall be excluded or ejected from the facilities of any licensee solely on the grounds of race, color, creed, national origin, ancestry, or sex. The power to eject or exclude an occupation licensee or other individual may be exercised for just cause by the licensee or the Board, subject to subsequent hearing by the Board as to the propriety of said exclusion.

(f) The Board is vested with the power to acquire, establish, maintain and operate (or provide by contract to maintain and operate) testing laboratories and related facilities, for the purpose of conducting saliva, blood, urine and other tests on the horses run or to be run in any horse race meeting, including races run at county fairs, and to purchase all equipment and supplies deemed necessary or desirable in connection with any such testing laboratories and related facilities and all such tests.

(g) The Board may require that the records, including financial or other statements of any licensee or any person affiliated with the licensee who is involved directly or indirectly in the activities of any licensee as regulated under this Act to the extent that those financial or other statements relate to such activities be kept in such manner as prescribed by the Board, and that Board employees shall have access to those records during reasonable business hours. Within 120 days of the end of its fiscal year, each licensee shall transmit to the Board an audit of the financial transactions and condition of the licensee's total operations. All audits shall be conducted by certified public accountants. Each certified public accountant must be registered in the State of Illinois under the Illinois Public Accounting Act. The

compensation for each certified public accountant shall be paid directly by the licensee to the certified public accountant. A licensee shall also submit any other financial or related information the Board deems necessary to effectively administer this Act and all rules, regulations, and final decisions promulgated under this Act.

(h) The Board shall name and appoint in the manner provided by the rules and regulations of the Board: an Executive Director; a State director of mutuels; State veterinarians and representatives to take saliva, blood, urine and other tests on horses; licensing personnel; revenue inspectors; and State seasonal employees (excluding admission ticket sellers and mutuel clerks). All of those named and appointed as provided in this subsection shall serve during the pleasure of the Board; their compensation shall be determined by the Board and be paid in the same manner as other employees of the Board under this Act.

(i) The Board shall require that there shall be 3 stewards at each horse race meeting, at least 2 of whom shall be named and appointed by the Board. Stewards appointed or approved by the Board, while performing duties required by this Act or by the Board, shall be entitled to the same rights and immunities as granted to Board members and Board employees in Section 10 of this Act.

(j) The Board may discharge any Board employee who fails or refuses for any reason to comply with the rules and regulations of the Board, or who, in the opinion of the Board, is guilty of fraud, dishonesty or who is proven to be incompetent. The Board shall have no right or power to determine who shall be officers, directors or employees of any licensee, or their salaries except the Board may, by rule, require that all or any officials or employees in charge of or whose duties relate to the actual running of races be approved by the Board.

(k) The Board is vested with the power to appoint delegates to execute any of the powers granted to it under this Section for the purpose of administering this Act and any rules or regulations promulgated in accordance with this Act.

(l) The Board is vested with the power to impose civil penalties of up to \$5,000 against an individual and up to \$10,000 against a licensee for each violation of any provision of this Act, any rules adopted by the Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to horse racing or wagering. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, the power granted to the Board pursuant to this subsection (l) shall authorize the Board to impose penalties of up to \$10,000 against an individual and up to \$25,000 against a licensee. All such civil penalties shall be deposited into the Horse Racing Fund.

(m) The Board is vested with the power to prescribe a form to be used by licensees as an application for employment for employees of each licensee.

(n) The Board shall have the power to issue a license to any county fair, or its agent, authorizing the conduct of the pari-mutuel system of wagering. The Board is vested with the full power to promulgate reasonable rules, regulations and conditions under which all horse race meetings licensed pursuant to this subsection shall be held and conducted, including rules, regulations and conditions for the conduct of the pari-mutuel system of wagering. The rules, regulations and conditions shall provide for the prevention of practices detrimental to the public interest and for the best interests of horse racing, and shall prescribe penalties for violations thereof. Any authority granted the Board under this Act shall extend to its jurisdiction and supervision over county fairs, or their agents, licensed pursuant to this subsection. However, the Board may waive any provision of this Act or its rules or regulations which would otherwise apply to such county fairs or their agents.

(o) Whenever the Board is authorized or required by law to consider some aspect of criminal history record information for the purpose of carrying out its statutory powers and responsibilities, then, upon request and payment of fees in conformance with the requirements of Section 2605-400 of the Department of State Police Law (20 ILCS 2605/2605-400), the Department of State Police is authorized to furnish, pursuant to positive identification, such information contained in State files as is necessary to fulfill the request.

(p) To insure the convenience, comfort, and wagering accessibility of race track patrons, to provide for the maximization of State revenue, and to generate increases in purse allotments to the horsemen, the Board shall require any licensee to staff the pari-mutuel department with adequate personnel.

(Source: P.A. 97-1060, eff. 8-24-12.)

(230 ILCS 5/15) (from Ch. 8, par. 37-15)

Sec. 15. (a) The Board shall, in its discretion, issue occupation licenses to horse owners, trainers, harness drivers, jockeys, agents, apprentices, grooms, stable foremen, exercise persons, veterinarians, valets, blacksmiths, concessionaires and others designated by the Board whose work, in whole or in part, is conducted upon facilities within the State. Such occupation licenses will be obtained prior to the

persons engaging in their vocation upon such facilities. The Board shall not license pari-mutuel clerks, parking attendants, security guards and employees of concessionaires. No occupation license shall be required of any person who works at facilities within this State as a pari-mutuel clerk, parking attendant, security guard or as an employee of a concessionaire. Concessionaires of the Illinois State Fair and DuQuoin State Fair and employees of the Illinois Department of Agriculture shall not be required to obtain an occupation license by the Board.

(b) Each application for an occupation license shall be on forms prescribed by the Board. Such license, when issued, shall be for the period ending December 31 of each year, except that the Board in its discretion may grant 3-year licenses. The application shall be accompanied by a fee of not more than \$25 per year or, in the case of 3-year occupation license applications, a fee of not more than \$60. Each applicant shall set forth in the application his full name and address, and if he had been issued prior occupation licenses or has been licensed in any other state under any other name, such name, his age, whether or not a permit or license issued to him in any other state has been suspended or revoked and if so whether such suspension or revocation is in effect at the time of the application, and such other information as the Board may require. Fees for registration of stable names shall not exceed \$50.00. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gambling license issued under the Illinois Gambling Act, the fee for registration of stable names shall not exceed \$150, and the application fee for an occupation license shall not exceed \$75, per year or, in the case of a 3-year occupation license application, the fee shall not exceed \$180.

(c) The Board may in its discretion refuse an occupation license to any person:

- (1) who has been convicted of a crime;
- (2) who is unqualified to perform the duties required of such applicant;
- (3) who fails to disclose or states falsely any information called for in the application;
- (4) who has been found guilty of a violation of this Act or of the rules and regulations of the Board; or
- (5) whose license or permit has been suspended, revoked or denied for just cause in any other state.

(d) The Board may suspend or revoke any occupation license:

- (1) for violation of any of the provisions of this Act; or
- (2) for violation of any of the rules or regulations of the Board; or
- (3) for any cause which, if known to the Board, would have justified the Board in refusing to issue such occupation license; or
- (4) for any other just cause.

(e) Each applicant shall submit his or her fingerprints to the Department of State Police in the form and manner prescribed by the Department of State Police. These fingerprints shall be checked against the fingerprint records now and hereafter filed in the Department of State Police and Federal Bureau of Investigation criminal history records databases. The Department of State Police shall charge a fee for conducting the criminal history records check, which shall be deposited in the State Police Services Fund and shall not exceed the actual cost of the records check. The Department of State Police shall furnish, pursuant to positive identification, records of conviction to the Board. Each applicant for licensure shall submit with his occupation license application, on forms provided by the Board, 2 sets of his fingerprints. All such applicants shall appear in person at the location designated by the Board for the purpose of submitting such sets of fingerprints; however, with the prior approval of a State steward, an applicant may have such sets of fingerprints taken by an official law enforcement agency and submitted to the Board.

(f) The Board may, in its discretion, issue an occupation license without submission of fingerprints if an applicant has been duly licensed in another recognized racing jurisdiction after submitting fingerprints that were subjected to a Federal Bureau of Investigation criminal history background check in that jurisdiction.

(g) Beginning on the date when any organization licensee begins conducting electronic gambling pursuant to an electronic gaming license issued under the Illinois Gambling Act, the Board may charge each applicant a reasonable non-refundable fee to defray the costs associated with the background investigation conducted by the Board. This fee shall be exclusive of any other fee or fees charged in connection with an application for and, if applicable, the issuance of, an electronic gaming license. If the costs of the investigation exceed the amount of the fee charged, the Board shall immediately notify the applicant of the additional amount owed, payment of which must be submitted to the Board within 7 days after such notification. All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the Board in the course of its review or investigation of an applicant for

a license or renewal under this Act shall be privileged, strictly confidential, and shall be used only for the purpose of evaluating an applicant for a license or a renewal. Such information, records, interviews, reports, statements, memoranda, or other data shall not be admissible as evidence, nor discoverable, in any action in any kind in any court or before any tribunal, board, agency, or person, except for any action deemed necessary by the Board.

(Source: P.A. 93-418, eff. 1-1-04.)

(230 ILCS 5/18) (from Ch. 8, par. 37-18)

Sec. 18. (a) Together with its application, each applicant for racing dates shall deliver to the Board a certified check or bank draft payable to the order of the Board for \$1,000. In the event the applicant applies for racing dates in 2 or 3 successive calendar years as provided in subsection (b) of Section 21, the fee shall be \$2,000. Filing fees shall not be refunded in the event the application is denied. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, the application fee for racing dates imposed by this subsection (a) shall be \$10,000 and the application fee for racing dates in 2 or 3 successive calendar years as provided in subsection (b) of Section 21 shall be \$20,000. All filing fees shall be deposited into the Horse Racing Fund.

(b) In addition to the filing fee imposed by subsection (a) of \$1000 and the fees provided in subsection (j) of Section 20, each organization licensee shall pay a license fee of \$100 for each racing program on which its daily pari-mutuel handle is \$400,000 or more but less than \$700,000, and a license fee of \$200 for each racing program on which its daily pari-mutuel handle is \$700,000 or more. The additional fees required to be paid under this Section by this amendatory Act of 1982 shall be remitted by the organization licensee to the Illinois Racing Board with each day's graduated privilege tax or pari-mutuel tax and breakage as provided under Section 27. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, the license fee imposed by this subsection (b) shall be \$200 for each racing program on which the organization licensee's daily pari-mutuel handle is \$100,000 or more, but less than \$400,000, and the license fee imposed by this subsection (b) shall be \$400 for each racing program on which the organization licensee's daily pari-mutuel handle is \$400,000 or more.

(c) Sections 11-42-1, 11-42-5, and 11-54-1 of the "Illinois Municipal Code," approved May 29, 1961, as now or hereafter amended, shall not apply to any license under this Act.

(Source: P.A. 97-1060, eff. 8-24-12.)

(230 ILCS 5/19) (from Ch. 8, par. 37-19)

Sec. 19. (a) No organization license may be granted to conduct a horse race meeting:

(1) except as provided in subsection (c) of Section 21 of this Act, to any person at any place within 35 miles of any other place licensed by the Board to hold a race meeting on the same date during the same hours, the mileage measurement used in this subsection (a) shall be certified to the Board by the Bureau of Systems and Services in the Illinois Department of Transportation as the most commonly used public way of vehicular travel;

(2) to any person in default in the payment of any obligation or debt due the State under this Act, provided no applicant shall be deemed in default in the payment of any obligation or debt due to the State under this Act as long as there is pending a hearing of any kind relevant to such matter;

(3) to any person who has been convicted of the violation of any law of the United States or any State law which provided as all or part of its penalty imprisonment in any penal institution; to any person against whom there is pending a Federal or State criminal charge; to any person who is or has been connected with or engaged in the operation of any illegal business; to any person who does not enjoy a general reputation in his community of being an honest, upright, law-abiding person; provided that none of the matters set forth in this subparagraph (3) shall make any person ineligible to be granted an organization license if the Board determines, based on circumstances of any such case, that the granting of a license would not be detrimental to the interests of horse racing and of the public;

(4) to any person who does not at the time of application for the organization license own or have a contract or lease for the possession of a finished race track suitable for the type of racing intended to be held by the applicant and for the accommodation of the public.

~~(b) (Blank) Horse racing on Sunday shall be prohibited unless authorized by ordinance or referendum of the municipality in which a race track or any of its appurtenances or facilities are located, or utilized.~~

(c) If any person is ineligible to receive an organization license because of any of the matters set forth in subsection (a) (2) or subsection (a) (3) of this Section, any other or separate person that either (i) controls, directly or indirectly, such ineligible person or (ii) is controlled, directly or indirectly, by such

ineligible person or by a person which controls, directly or indirectly, such ineligible person shall also be ineligible.

(Source: P.A. 88-495; 89-16, eff. 5-30-95.)

(230 ILCS 5/20) (from Ch. 8, par. 37-20)

Sec. 20. (a) Any person desiring to conduct a horse race meeting may apply to the Board for an organization license. The application shall be made on a form prescribed and furnished by the Board. The application shall specify:

- (1) the dates on which it intends to conduct the horse race meeting, which dates shall be provided under Section 21;
- (2) the hours of each racing day between which it intends to hold or conduct horse racing at such meeting;
- (3) the location where it proposes to conduct the meeting; and
- (4) any other information the Board may reasonably require.

(b) A separate application for an organization license shall be filed for each horse race meeting which such person proposes to hold. Any such application, if made by an individual, or by any individual as trustee, shall be signed and verified under oath by such individual. If the application is made by individuals, then it shall be signed and verified under oath by at least 2 of the individuals; if the application is made by or a partnership, it shall be signed and verified under oath by at least 2 of such individuals or members of such partnership as the case may be. If made by an association, a corporation, a corporate trustee, a limited liability company, or any other entity, it shall be signed by an authorized officer, a partner, a member, or a manager, as the case may be, of the entity the president and attested by the secretary or assistant secretary under the seal of such association, trust or corporation if it has a seal, and shall also be verified under oath by one of the signing officers.

(c) The application shall specify:

- (1) the name of the persons, association, trust, or corporation making such application; and
- (2) the principal post-office address of the applicant;

(3) if the applicant is a trustee, the names and addresses of the beneficiaries; if the applicant is a corporation, the names and post-office addresses of all officers, stockholders and directors; or if such stockholders hold stock as a nominee or fiduciary, the names and post-office addresses of the parties these persons, partnerships, corporations, or trusts who are the beneficial owners thereof or who are beneficially interested therein; and if the applicant is a partnership, the names and post-office addresses of all partners, general or limited; if the applicant is a limited liability company, the names and addresses of the manager and members; and if the applicant is any other entity, the names and addresses of all officers or other authorized persons of the entity corporation, the name of the state of its incorporation shall be specified.

(d) The applicant shall execute and file with the Board a good faith affirmative action plan to recruit, train, and upgrade minorities in all classifications within the association.

(e) With such application there shall be delivered to the Board a certified check or bank draft payable to the order of the Board for an amount equal to \$1,000. All applications for the issuance of an organization license shall be filed with the Board before August 1 of the year prior to the year for which application is made and shall be acted upon by the Board at a meeting to be held on such date as shall be fixed by the Board during the last 15 days of September of such prior year. At such meeting, the Board shall announce the award of the racing meets, live racing schedule, and designation of host track to the applicants and its approval or disapproval of each application. No announcement shall be considered binding until a formal order is executed by the Board, which shall be executed no later than October 15 of that prior year. Absent the agreement of the affected organization licensees, the Board shall not grant overlapping race meetings to 2 or more tracks that are within 100 miles of each other to conduct the thoroughbred racing.

(e-1) In awarding standardbred racing dates for calendar year 2014 and thereafter, the Board shall award at least 310 racing days, and each organization licensee shall average at least 12 races for each racing day awarded. The Board shall have the discretion to allocate those racing days among organization licensees requesting standardbred racing dates. Once awarded by the Board, organization licensees awarded standardbred racing dates shall run at least 3,500 races in total during that calendar year. Standardbred racing conducted in Sangamon County shall not be considered races under this subsection (e-1).

(e-2) In awarding racing dates for calendar year 2014 and thereafter, the Board shall award thoroughbred racing days to Cook County organization licensees commensurate with these organization licensees' requirement that they shall run at least 1,950 thoroughbred races in the aggregate, so long as 2 organization licensees are conducting electronic gaming operations. Additionally, if the organization

licensees that run thoroughbred races in Cook County are conducting electronic gaming operations, the Board shall increase the number of thoroughbred races to be run in Cook County in the aggregate to at least the following:

(i) 2,050 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$200,000,000, but do not exceed \$250,000,000;

(ii) 2,125 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$250,000,000, but do not exceed \$300,000,000;

(iii) 2,200 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$300,000,000, but do not exceed \$350,000,000;

(iv) 2,300 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$350,000,000, but do not exceed \$400,000,000;

(v) 2,375 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$400,000,000, but do not exceed \$450,000,000;

(vi) 2,450 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks total in excess of \$450,000,000, but do not exceed \$500,000,000;

(vii) 2,550 races in any year following the most recent preceding complete calendar year when the combined adjusted gross receipts of the electronic gaming licensees operating at Cook County race tracks exceeds \$500,000,000.

In awarding racing dates under this subsection (e-2), the Board shall have the discretion to allocate those thoroughbred racing dates among these Cook County organization licensees.

(e-3) In awarding racing dates for calendar year 2014 and thereafter in connection with a race track in Madison County, the Board shall award racing dates and such organization licensee shall run at least 700 thoroughbred races at the race track in Madison County each year.

Notwithstanding Section 7.6 of the Illinois Gambling Act or any provision of this Act other than subsection (e-4.5), for each calendar year for which an electronic gaming licensee located in Madison County requests racing dates resulting in less than 700 live thoroughbred races at its race track facility, the electronic gaming licensee may not conduct electronic gaming for the calendar year of such requested live races.

(e-4) Notwithstanding the provisions of Section 7.6 of the Illinois Gambling Act or any provision of this Act other than subsections (e-3) and (e-4.5), for each calendar year for which an electronic gaming licensee requests racing dates for a specific horse breed which results in a number of live races for that specific breed under its organization license that is less than the total number of live races for that specific breed which it conducted in 2011 for standardbred racing and in 2009 for thoroughbred racing at its race track facility, the electronic gaming licensee may not conduct electronic gaming for the calendar year of such requested live races.

(e-4.5) The Board shall ensure that each organization licensee shall individually run a sufficient number of races per year to qualify for an electronic gaming license under this Act. The General Assembly finds that the minimum live racing guarantees contained in subsections (e-1), (e-2), and (e-3) are in the best interest of the sport of horse racing, and that such guarantees may only be reduced in the limited circumstances described in this subsection. The Board may decrease the number of racing days without affecting an organization licensee's ability to conduct electronic gaming only if the Board determines, after notice and hearing, that:

(i) a decrease is necessary to maintain a sufficient number of betting interests per race to ensure the integrity of racing;

(ii) there are unsafe track conditions due to weather or acts of God;

(iii) there is an agreement between an organization licensee and the breed association that is applicable to the involved live racing guarantee, such association representing either the largest number of thoroughbred owners and trainers or the largest number of standardbred owners, trainers and drivers who race horses at the involved organization licensee's racing meeting, so long as the agreement does not compromise the integrity of the sport of horse racing; or

(iv) the horse population or purse levels are insufficient to provide the number of racing opportunities otherwise required in this Act.

In decreasing the number of racing dates in accordance with this subsection, the Board shall hold a

hearing and shall provide the public and all interested parties notice and an opportunity to be heard. The Board shall accept testimony from all interested parties, including any association representing owners, trainers, jockeys, or drivers who will be affected by the decrease in racing dates. The Board shall provide a written explanation of the reasons for the decrease and the Board's findings. The written explanation shall include a listing and content of all communication between any party and any Illinois Racing Board member or staff that does not take place at a public meeting of the Board.

(e-5) In reviewing an application for the purpose of granting an organization license consistent with the best interests of the public and the sport of horse racing, the Board shall consider:

- (1) the character, reputation, experience, and financial integrity of the applicant and of any other separate person that either:
 - (i) controls the applicant, directly or indirectly, or
 - (ii) is controlled, directly or indirectly, by that applicant or by a person who controls, directly or indirectly, that applicant;
- (2) the applicant's facilities or proposed facilities for conducting horse racing;
- (3) the total revenue without regard to Section 32.1 to be derived by the State and horsemen from the applicant's conducting a race meeting;
- (4) the applicant's good faith affirmative action plan to recruit, train, and upgrade minorities in all employment classifications;
- (5) the applicant's financial ability to purchase and maintain adequate liability and casualty insurance;
- (6) the applicant's proposed and prior year's promotional and marketing activities and expenditures of the applicant associated with those activities;
- (7) an agreement, if any, among organization licensees as provided in subsection (b) of Section 21 of this Act; and
- (8) the extent to which the applicant exceeds or meets other standards for the issuance of an organization license that the Board shall adopt by rule.

In granting organization licenses and allocating dates for horse race meetings, the Board shall have discretion to determine an overall schedule, including required simulcasts of Illinois races by host tracks that will, in its judgment, be conducive to the best interests of the public and the sport of horse racing.

(e-10) The Illinois Administrative Procedure Act shall apply to administrative procedures of the Board under this Act for the granting of an organization license, except that (1) notwithstanding the provisions of subsection (b) of Section 10-40 of the Illinois Administrative Procedure Act regarding cross-examination, the Board may prescribe rules limiting the right of an applicant or participant in any proceeding to award an organization license to conduct cross-examination of witnesses at that proceeding where that cross-examination would unduly obstruct the timely award of an organization license under subsection (e) of Section 20 of this Act; (2) the provisions of Section 10-45 of the Illinois Administrative Procedure Act regarding proposals for decision are excluded under this Act; (3) notwithstanding the provisions of subsection (a) of Section 10-60 of the Illinois Administrative Procedure Act regarding ex parte communications, the Board may prescribe rules allowing ex parte communications with applicants or participants in a proceeding to award an organization license where conducting those communications would be in the best interest of racing, provided all those communications are made part of the record of that proceeding pursuant to subsection (c) of Section 10-60 of the Illinois Administrative Procedure Act; (4) the provisions of Section 14a of this Act and the rules of the Board promulgated under that Section shall apply instead of the provisions of Article 10 of the Illinois Administrative Procedure Act regarding administrative law judges; and (5) the provisions of subsection (d) of Section 10-65 of the Illinois Administrative Procedure Act that prevent summary suspension of a license pending revocation or other action shall not apply.

(f) The Board may allot racing dates to an organization licensee for more than one calendar year but for no more than 3 successive calendar years in advance, provided that the Board shall review such allotment for more than one calendar year prior to each year for which such allotment has been made. The granting of an organization license to a person constitutes a privilege to conduct a horse race meeting under the provisions of this Act, and no person granted an organization license shall be deemed to have a vested interest, property right, or future expectation to receive an organization license in any subsequent year as a result of the granting of an organization license. Organization licenses shall be subject to revocation if the organization licensee has violated any provision of this Act or the rules and regulations promulgated under this Act or has been convicted of a crime or has failed to disclose or has stated falsely any information called for in the application for an organization license. Any organization license revocation proceeding shall be in accordance with Section 16 regarding suspension and revocation of occupation licenses.

[March 6, 2013]

(f-5) If, (i) an applicant does not file an acceptance of the racing dates awarded by the Board as required under part (1) of subsection (h) of this Section 20, or (ii) an organization licensee has its license suspended or revoked under this Act, the Board, upon conducting an emergency hearing as provided for in this Act, may reward on an emergency basis pursuant to rules established by the Board, racing dates not accepted or the racing dates associated with any suspension or revocation period to one or more organization licensees, new applicants, or any combination thereof, upon terms and conditions that the Board determines are in the best interest of racing, provided, the organization licensees or new applicants receiving the awarded racing dates file an acceptance of those rewarded racing dates as required under paragraph (1) of subsection (h) of this Section 20 and comply with the other provisions of this Act. The Illinois Administrative Procedure Act shall not apply to the administrative procedures of the Board in conducting the emergency hearing and the reallocation of racing dates on an emergency basis.

(g) (Blank).

(h) The Board shall send the applicant a copy of its formally executed order by certified mail addressed to the applicant at the address stated in his application, which notice shall be mailed within 5 days of the date the formal order is executed.

Each applicant notified shall, within 10 days after receipt of the final executed order of the Board awarding racing dates:

- (1) file with the Board an acceptance of such award in the form prescribed by the Board;
- (2) pay to the Board an additional amount equal to \$110 for each racing date awarded;

and
- (3) file with the Board the bonds required in Sections 21 and 25 at least 20 days prior to the first day of each race meeting.

Upon compliance with the provisions of paragraphs (1), (2), and (3) of this subsection (h), the applicant shall be issued an organization license.

If any applicant fails to comply with this Section or fails to pay the organization license fees herein provided, no organization license shall be issued to such applicant.

(Source: P.A. 97-333, eff. 8-12-11.)

(230 ILCS 5/21) (from Ch. 8, par. 37-21)

Sec. 21. (a) Applications for organization licenses must be filed with the Board at a time and place prescribed by the rules and regulations of the Board. The Board shall examine the applications within 21 days after the date allowed for filing with respect to their conformity with this Act and such rules and regulations as may be prescribed by the Board. If any application does not comply with this Act or the rules and regulations prescribed by the Board, such application may be rejected and an organization license refused to the applicant, or the Board may, within 21 days of the receipt of such application, advise the applicant of the deficiencies of the application under the Act or the rules and regulations of the Board, and require the submittal of an amended application within a reasonable time determined by the Board; and upon submittal of the amended application by the applicant, the Board may consider the application consistent with the process described in subsection (e-5) of Section 20 of this Act. If it is found to be in compliance with this Act and the rules and regulations of the Board, the Board may then issue an organization license to such applicant.

(b) The Board may exercise discretion in granting racing dates to qualified applicants different from those requested by the applicants in their applications. However, if all eligible applicants for organization licenses whose tracks are located within 100 miles of each other execute and submit to the Board a written agreement among such applicants as to the award of racing dates, including where applicable racing programs, for up to 3 consecutive years, then subject to annual review of each applicant's compliance with Board rules and regulations, provisions of this Act and conditions contained in annual dates orders issued by the Board, the Board may grant such dates and programs to such applicants as so agreed by them if the Board determines that the grant of these racing dates is in the best interests of racing. The Board shall treat any such agreement as the agreement signatories' joint and several application for racing dates during the term of the agreement.

(c) Where 2 or more applicants propose to conduct horse race meetings within 35 miles of each other, as certified to the Board under Section 19 (a) (1) of this Act, on conflicting dates, the Board may determine and grant the number of racing days to be awarded to the several applicants in accordance with the provisions of subsection (e-5) of Section 20 of this Act.

(d) (Blank).

(e) Prior to the issuance of an organization license, the applicant shall file with the Board a bond payable to the State of Illinois in the sum of \$200,000, executed by the applicant and a surety company or companies authorized to do business in this State, and conditioned upon the payment by the

organization licensee of all taxes due under Section 27, other monies due and payable under this Act, all purses due and payable, and that the organization licensee will upon presentation of the winning ticket or tickets distribute all sums due to the patrons of pari-mutuel pools. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, the amount of the bond required under this subsection (e) shall be \$500,000.

(f) Each organization license shall specify the person to whom it is issued, the dates upon which horse racing is permitted, and the location, place, track, or enclosure where the horse race meeting is to be held.

(g) Any person who owns one or more race tracks within the State may seek, in its own name, a separate organization license for each race track.

(h) All racing conducted under such organization license is subject to this Act and to the rules and regulations from time to time prescribed by the Board, and every such organization license issued by the Board shall contain a recital to that effect.

(i) Each such organization licensee may provide that at least one race per day may be devoted to the racing of quarter horses, appaloosas, arabians, or paints.

(j) In acting on applications for organization licenses, the Board shall give weight to an organization license which has implemented a good faith affirmative action effort to recruit, train and upgrade minorities in all classifications within the organization license.

(Source: P.A. 90-754, eff. 1-1-99; 91-40, eff. 6-25-99.)

(230 ILCS 5/24) (from Ch. 8, par. 37-24)

Sec. 24. (a) No license shall be issued to or held by an organization licensee unless all of its officers, directors, and holders of ownership interests of at least 5% are first approved by the Board. The Board shall not give approval of an organization license application to any person who has been convicted of or is under an indictment for a crime of moral turpitude or has violated any provision of the racing law of this State or any rules of the Board.

(b) An organization licensee must notify the Board within 10 days of any change in the holders of a direct or indirect interest in the ownership of the organization licensee. The Board may, after hearing, revoke the organization license of any person who registers on its books or knowingly permits a direct or indirect interest in the ownership of that person without notifying the Board of the name of the holder in interest within this period.

(c) In addition to the provisions of subsection (a) of this Section, no person shall be granted an organization license if any public official of the State or member of his or her family holds any ownership or financial interest, directly or indirectly, in the person.

(d) No person which has been granted an organization license to hold a race meeting shall give to any public official or member of his family, directly or indirectly, for or without consideration, any interest in the person. The Board shall, after hearing, revoke the organization license granted to a person which has violated this subsection.

(e) (Blank).

(f) No organization licensee or concessionaire or officer, director or holder or controller of 5% or more legal or beneficial interest in any organization licensee or concession shall make any sort of gift or contribution that is prohibited under Article 10 of the State Officials and Employees Ethics Act ~~of any kind~~ or pay or give any money or other thing of value to any person who is a public official, or a candidate or nominee for public office if that payment or gift is prohibited under Article 10 of the State Officials and Employees Ethics Act.

(Source: P.A. 89-16, eff. 5-30-95.)

(230 ILCS 5/25) (from Ch. 8, par. 37-25)

Sec. 25. Admission charge; bond; fine.

(a) There shall be paid to the Board at such time or times as it shall prescribe, the sum of fifteen cents (15¢) for each person entering the grounds or enclosure of each organization licensee and inter-track wagering licensee upon a ticket of admission except as provided in subsection (g) of Section 27 of this Act. If tickets are issued for more than one day then the sum of fifteen cents (15¢) shall be paid for each person using such ticket on each day that the same shall be used. Provided, however, that no charge shall be made on tickets of admission issued to and in the name of directors, officers, agents or employees of the organization licensee, or inter-track wagering licensee, or to owners, trainers, jockeys, drivers and their employees or to any person or persons entering the grounds or enclosure for the transaction of business in connection with such race meeting. The organization licensee or inter-track wagering licensee may, if it desires, collect such amount from each ticket holder in addition to the amount or amounts charged for such ticket of admission. Beginning on the date when any organization licensee

begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, the admission charge imposed by this subsection (a) shall be 40 cents for each person entering the grounds or enclosure of each organization licensee and inter-track wagering licensee upon a ticket of admission, and if such tickets are issued for more than one day, 40 cents shall be paid for each person using such ticket on each day that the same shall be used.

(b) Accurate records and books shall at all times be kept and maintained by the organization licensees and inter-track wagering licensees showing the admission tickets issued and used on each racing day and the attendance thereof of each horse racing meeting. The Board or its duly authorized representative or representatives shall at all reasonable times have access to the admission records of any organization licensee and inter-track wagering licensee for the purpose of examining and checking the same and ascertaining whether or not the proper amount has been or is being paid the State of Illinois as herein provided. The Board shall also require, before issuing any license, that the licensee shall execute and deliver to it a bond, payable to the State of Illinois, in such sum as it shall determine, not, however, in excess of fifty thousand dollars (\$50,000), with a surety or sureties to be approved by it, conditioned for the payment of all sums due and payable or collected by it under this Section upon admission fees received for any particular racing meetings. The Board may also from time to time require sworn statements of the number or numbers of such admissions and may prescribe blanks upon which such reports shall be made. Any organization licensee or inter-track wagering licensee failing or refusing to pay the amount found to be due as herein provided, shall be deemed guilty of a business offense and upon conviction shall be punished by a fine of not more than five thousand dollars (\$5,000) in addition to the amount due from such organization licensee or inter-track wagering licensee as herein provided. All fines paid into court by an organization licensee or inter-track wagering licensee found guilty of violating this Section shall be transmitted and paid over by the clerk of the court to the Board. Beginning on the date when any organization licensee begins conducting electronic gaming pursuant to an electronic gaming license issued under the Illinois Gambling Act, any fine imposed pursuant to this subsection (b) shall not exceed \$10,000.

(Source: P.A. 88-495; 89-16, eff. 5-30-95.)

(230 ILCS 5/26) (from Ch. 8, par. 37-26)

Sec. 26. Wagering.

(a) Any licensee may conduct and supervise the pari-mutuel system of wagering, as defined in Section 3.12 of this Act, on horse races conducted by an Illinois organization licensee or conducted at a racetrack located in another state or country ~~and televised in Illinois~~ in accordance with subsection (g) of Section 26 of this Act. Subject to the prior consent of the Board, licensees may supplement any pari-mutuel pool in order to guarantee a minimum distribution. Such pari-mutuel method of wagering shall not, under any circumstances if conducted under the provisions of this Act, be held or construed to be unlawful, other statutes of this State to the contrary notwithstanding. Subject to rules for advance wagering promulgated by the Board, any licensee may accept wagers in advance of the day of the race wagered upon occurs.

(b) Except for those gaming activities for which a license is obtained and authorized under the Illinois Lottery Act, the Charitable Games Act, the Raffles Act, or the Illinois Gambling Act, no ~~no~~ other method of betting, pool making, wagering or gambling shall be used or permitted by the licensee. Each licensee may retain, subject to the payment of all applicable taxes and purses, an amount not to exceed 17% of all money wagered under subsection (a) of this Section, except as may otherwise be permitted under this Act.

(b-5) An individual may place a wager under the pari-mutuel system from any licensed location authorized under this Act provided that wager is electronically recorded in the manner described in Section 3.12 of this Act. Any wager made electronically by an individual while physically on the premises of a licensee shall be deemed to have been made at the premises of that licensee.

(c) Until January 1, 2000, the sum held by any licensee for payment of outstanding pari-mutuel tickets, if unclaimed prior to December 31 of the next year, shall be retained by the licensee for payment of such tickets until that date. Within 10 days thereafter, the balance of such sum remaining unclaimed, less any uncashed supplements contributed by such licensee for the purpose of guaranteeing minimum distributions of any pari-mutuel pool, shall be paid to the Illinois Veterans' Rehabilitation Fund of the State treasury, except as provided in subsection (g) of Section 27 of this Act.

(c-5) Beginning January 1, 2000, the sum held by any licensee for payment of outstanding pari-mutuel tickets, if unclaimed prior to December 31 of the next year, shall be retained by the licensee for payment of such tickets until that date. Within 10 days thereafter, the balance of such sum remaining unclaimed, less any uncashed supplements contributed by such licensee for the purpose of guaranteeing minimum distributions of any pari-mutuel pool, shall be evenly distributed to the purse account of the organization licensee and the organization licensee.

(d) A pari-mutuel ticket shall be honored until December 31 of the next calendar year, and the licensee shall pay the same and may charge the amount thereof against unpaid money similarly accumulated on account of pari-mutuel tickets not presented for payment.

(e) No licensee shall knowingly permit any minor, other than an employee of such licensee or an owner, trainer, jockey, driver, or employee thereof, to be admitted during a racing program unless accompanied by a parent or guardian, or any minor to be a patron of the pari-mutuel system of wagering conducted or supervised by it. The admission of any unaccompanied minor, other than an employee of the licensee or an owner, trainer, jockey, driver, or employee thereof at a race track is a Class C misdemeanor.

(f) Notwithstanding the other provisions of this Act, an organization licensee may contract with an entity in another state or country to permit any legal wagering entity in another state or country to accept wagers solely within such other state or country on races conducted by the organization licensee in this State. Beginning January 1, 2000, these wagers shall not be subject to State taxation. Until January 1, 2000, when the out-of-State entity conducts a pari-mutuel pool separate from the organization licensee, a privilege tax equal to 7 1/2% of all monies received by the organization licensee from entities in other states or countries pursuant to such contracts is imposed on the organization licensee, and such privilege tax shall be remitted to the Department of Revenue within 48 hours of receipt of the moneys from the simulcast. When the out-of-State entity conducts a combined pari-mutuel pool with the organization licensee, the tax shall be 10% of all monies received by the organization licensee with 25% of the receipts from this 10% tax to be distributed to the county in which the race was conducted.

An organization licensee may permit one or more of its races to be utilized for pari-mutuel wagering at one or more locations in other states and may transmit audio and visual signals of races the organization licensee conducts to one or more locations outside the State or country and may also permit pari-mutuel pools in other states or countries to be combined with its gross or net wagering pools or with wagering pools established by other states.

(g) A host track may accept interstate simulcast wagers on horse races conducted in other states or countries and shall control the number of signals and types of breeds of racing in its simulcast program, subject to the disapproval of the Board. The Board may prohibit a simulcast program only if it finds that the simulcast program is clearly adverse to the integrity of racing. The host track simulcast program shall include the signal of live racing of all organization licensees. All non-host licensees and advance deposit wagering licensees shall carry the signal of and accept wagers on live racing of all organization licensees. Advance deposit wagering licensees shall not be permitted to accept out-of-state wagers on any Illinois signal provided pursuant to this Section without the approval and consent of the organization licensee providing the signal. Non-host licensees may carry the host track simulcast program and shall accept wagers on all races included as part of the simulcast program upon which wagering is permitted. All organization licensees shall provide their live signal to all advance deposit wagering licensees for a simulcast commission fee not to exceed 6% of the advance deposit wagering licensee's Illinois handle on the organization licensee's signal without prior approval by the Board. The Board may adopt rules under which it may permit simulcast commission fees in excess of 6%. The Board shall adopt rules limiting the interstate commission fees charged to an advance deposit wagering licensee. The Board shall adopt rules regarding advance deposit wagering on interstate simulcast races that shall reflect, among other things, the General Assembly's desire to maximize revenues to the State, horsemen purses, and organizational licensees. However, organization licensees providing live signals pursuant to the requirements of this subsection (g) may petition the Board to withhold their live signals from an advance deposit wagering licensee if the organization licensee discovers and the Board finds reputable or credible information that the advance deposit wagering licensee is under investigation by another state or federal governmental agency, the advance deposit wagering licensee's license has been suspended in another state, or the advance deposit wagering licensee's license is in revocation proceedings in another state. The organization licensee's provision of their live signal to an advance deposit wagering licensee under this subsection (g) pertains to wagers placed from within Illinois. Advance deposit wagering licensees may place advance deposit wagering terminals at wagering facilities as a convenience to customers. The advance deposit wagering licensee shall not charge or collect any fee from purses for the placement of the advance deposit wagering terminals. The costs and expenses of the host track and non-host licensees associated with interstate simulcast wagering, other than the interstate commission fee, shall be borne by the host track and all non-host licensees incurring these costs. The interstate commission fee shall not exceed 5% of Illinois handle on the interstate simulcast race or races without prior approval of the Board. The Board shall promulgate rules under which it may permit interstate commission fees in excess of 5%. The interstate commission fee and other fees charged by the sending racetrack, including, but not limited to, satellite decoder fees, shall be uniformly applied to the host track and all non-host licensees.

[March 6, 2013]

Notwithstanding any other provision of this Act, for a period of one year after the effective date of this amendatory Act of the 98th General Assembly until January 1, 2013, an organization licensee may maintain a system whereby advance deposit wagering may take place or an organization licensee, with the consent of the horsemen association representing the largest number of owners, breeders, trainers, jockeys, or standardbred drivers who race horses at that organization licensee's racing meeting, may contract with another person to carry out a system of advance deposit wagering. Such consent may not be unreasonably withheld. All advance deposit wagers placed from within Illinois must be placed through a Board-approved advance deposit wagering licensee; no other entity may accept an advance deposit wager from a person within Illinois. All advance deposit wagering is subject to any rules adopted by the Board. The Board may adopt rules necessary to regulate advance deposit wagering through the use of emergency rulemaking in accordance with Section 5-45 of the Illinois Administrative Procedure Act. The General Assembly finds that the adoption of rules to regulate advance deposit wagering is deemed an emergency and necessary for the public interest, safety, and welfare. An advance deposit wagering licensee may retain all moneys as agreed to by contract with an organization licensee. Any moneys retained by the organization licensee from advance deposit wagering, not including moneys retained by the advance deposit wagering licensee, shall be paid 50% to the organization licensee's purse account and 50% to the organization licensee. If more than one breed races at the same race track facility, then the 50% of the moneys to be paid to an organization licensee's purse account shall be allocated among all organization licensees' purse accounts operating at that race track facility proportionately based on the actual number of host days that the Board grants to that breed at that race track facility in the current calendar year. To the extent any fees from advance deposit wagering conducted in Illinois for wagers in Illinois or other states have been placed in escrow or otherwise withheld from wagers pending a determination of the legality of advance deposit wagering, no action shall be brought to declare such wagers or the disbursement of any fees previously escrowed illegal.

(1) Between the hours of 6:30 a.m. and 6:30 p.m. an intertrack wagering licensee other than the host track may supplement the host track simulcast program with additional simulcast races or race programs, provided that between January 1 and the third Friday in February of any year, inclusive, if no live thoroughbred racing is occurring in Illinois during this period, only thoroughbred races may be used for supplemental interstate simulcast purposes. The Board shall withhold approval for a supplemental interstate simulcast only if it finds that the simulcast is clearly adverse to the integrity of racing. A supplemental interstate simulcast may be transmitted from an intertrack wagering licensee to its affiliated non-host licensees. The interstate commission fee for a supplemental interstate simulcast shall be paid by the non-host licensee and its affiliated non-host licensees receiving the simulcast.

(2) Between the hours of 6:30 p.m. and 6:30 a.m. an intertrack wagering licensee other than the host track may receive supplemental interstate simulcasts only with the consent of the host track, except when the Board finds that the simulcast is clearly adverse to the integrity of racing. Consent granted under this paragraph (2) to any intertrack wagering licensee shall be deemed consent to all non-host licensees. The interstate commission fee for the supplemental interstate simulcast shall be paid by all participating non-host licensees.

(3) Each licensee conducting interstate simulcast wagering may retain, subject to the payment of all applicable taxes and the purses, an amount not to exceed 17% of all money wagered. If any licensee conducts the pari-mutuel system wagering on races conducted at racetracks in another state or country, each such race or race program shall be considered a separate racing day for the purpose of determining the daily handle and computing the privilege tax of that daily handle as provided in subsection (a) of Section 27. Until January 1, 2000, from the sums permitted to be retained pursuant to this subsection, each intertrack wagering location licensee shall pay 1% of the pari-mutuel handle wagered on simulcast wagering to the Horse Racing Tax Allocation Fund, subject to the provisions of subparagraph (B) of paragraph (11) of subsection (h) of Section 26 of this Act.

(4) A licensee who receives an interstate simulcast may combine its gross or net pools with pools at the sending racetracks pursuant to rules established by the Board. All licensees combining their gross pools at a sending racetrack shall adopt the take-out percentages of the sending racetrack. A licensee may also establish a separate pool and takeout structure for wagering purposes on races conducted at race tracks outside of the State of Illinois. The licensee may permit pari-mutuel wagers placed in other states or countries to be combined with its gross or net wagering pools or other wagering pools.

(5) After the payment of the interstate commission fee (except for the interstate commission fee on a supplemental interstate simulcast, which shall be paid by the host track and by each non-host licensee through the host-track) and all applicable State and local taxes, except as

provided in subsection (g) of Section 27 of this Act, the remainder of moneys retained from simulcast wagering pursuant to this subsection (g), and Section 26.2 shall be divided as follows:

(A) For interstate simulcast wagers made at a host track, 50% to the host track and 50% to purses at the host track.

(B) For wagers placed on interstate simulcast races, supplemental simulcasts as defined in subparagraphs (1) and (2), and separately pooled races conducted outside of the State of Illinois made at a non-host licensee, 25% to the host track, 25% to the non-host licensee, and 50% to the purses at the host track.

(6) Notwithstanding any provision in this Act to the contrary, non-host licensees who derive their licenses from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River may receive supplemental interstate simulcast races at all times subject to Board approval, which shall be withheld only upon a finding that a supplemental interstate simulcast is clearly adverse to the integrity of racing.

(7) Notwithstanding any provision of this Act to the contrary, after payment of all applicable State and local taxes and interstate commission fees, non-host licensees who derive their licenses from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River shall retain 50% of the retention from interstate simulcast wagers and shall pay 50% to purses at the track from which the non-host licensee derives its license as follows:

(A) Between January 1 and the third Friday in February, inclusive, if no live thoroughbred racing is occurring in Illinois during this period, when the interstate simulcast is a standardbred race, the purse share to its standardbred purse account;

(B) Between January 1 and the third Friday in February, inclusive, if no live thoroughbred racing is occurring in Illinois during this period, and the interstate simulcast is a thoroughbred race, the purse share to its interstate simulcast purse pool to be distributed under paragraph (10) of this subsection (g);

(C) Between January 1 and the third Friday in February, inclusive, if live thoroughbred racing is occurring in Illinois, between 6:30 a.m. and 6:30 p.m. the purse share from wagers made during this time period to its thoroughbred purse account and between 6:30 p.m. and 6:30 a.m. the purse share from wagers made during this time period to its standardbred purse accounts;

(D) Between the third Saturday in February and December 31, when the interstate simulcast occurs between the hours of 6:30 a.m. and 6:30 p.m., the purse share to its thoroughbred purse account;

(E) Between the third Saturday in February and December 31, when the interstate simulcast occurs between the hours of 6:30 p.m. and 6:30 a.m., the purse share to its standardbred purse account.

(7.1) Notwithstanding any other provision of this Act to the contrary, if no standardbred racing is conducted at a racetrack located in Madison County during any calendar year beginning on or after January 1, 2002, all moneys derived by that racetrack from simulcast wagering and inter-track wagering that (1) are to be used for purses and (2) are generated between the hours of 6:30 p.m. and 6:30 a.m. during that calendar year shall be paid as follows:

(A) If the licensee that conducts horse racing at that racetrack requests from the Board at least as many racing dates as were conducted in calendar year 2000, 80% shall be paid to its thoroughbred purse account; and

(B) Twenty percent shall be deposited into the Illinois Colt Stakes Purse Distribution Fund and shall be paid to purses for standardbred races for Illinois conceived and foaled horses conducted at any county fairgrounds. The moneys deposited into the Fund pursuant to this subparagraph (B) shall be deposited within 2 weeks after the day they were generated, shall be in addition to and not in lieu of any other moneys paid to standardbred purses under this Act, and shall not be commingled with other moneys paid into that Fund. The moneys deposited pursuant to this subparagraph (B) shall be allocated as provided by the Department of Agriculture, with the advice and assistance of the Illinois Standardbred Breeders Fund Advisory Board.

(7.2) Notwithstanding any other provision of this Act to the contrary, if no thoroughbred racing is conducted at a racetrack located in Madison County during any calendar year beginning on or after January 1, 2002, all moneys derived by that racetrack from simulcast wagering and inter-track wagering that (1) are to be used for purses and (2) are generated between the hours of 6:30 a.m. and 6:30 p.m. during that calendar year shall be deposited as follows:

(A) If the licensee that conducts horse racing at that racetrack requests from the Board at least as many racing dates as were conducted in calendar year 2000, 80% shall be

deposited into its standardbred purse account; and

(B) Twenty percent shall be deposited into the Illinois Colt Stakes Purse Distribution Fund. Moneys deposited into the Illinois Colt Stakes Purse Distribution Fund pursuant to this subparagraph (B) shall be paid to Illinois conceived and foaled thoroughbred breeders' programs and to thoroughbred purses for races conducted at any county fairgrounds for Illinois conceived and foaled horses at the discretion of the Department of Agriculture, with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board. The moneys deposited into the Illinois Colt Stakes Purse Distribution Fund pursuant to this subparagraph (B) shall be deposited within 2 weeks after the day they were generated, shall be in addition to and not in lieu of any other moneys paid to thoroughbred purses under this Act, and shall not be commingled with other moneys deposited into that Fund.

(7.3) If no live standardbred racing is conducted at a racetrack located in Madison County in calendar year 2000 or 2001, an organization licensee who is licensed to conduct horse racing at that racetrack shall, before January 1, 2002, pay all moneys derived from simulcast wagering and inter-track wagering in calendar years 2000 and 2001 and paid into the licensee's standardbred purse account as follows:

(A) Eighty percent to that licensee's thoroughbred purse account to be used for thoroughbred purses; and

(B) Twenty percent to the Illinois Colt Stakes Purse Distribution Fund.

Failure to make the payment to the Illinois Colt Stakes Purse Distribution Fund before January 1, 2002 shall result in the immediate revocation of the licensee's organization license, inter-track wagering license, and inter-track wagering location license.

Moneys paid into the Illinois Colt Stakes Purse Distribution Fund pursuant to this paragraph (7.3) shall be paid to purses for standardbred races for Illinois conceived and foaled horses conducted at any county fairgrounds. Moneys paid into the Illinois Colt Stakes Purse Distribution Fund pursuant to this paragraph (7.3) shall be used as determined by the Department of Agriculture, with the advice and assistance of the Illinois Standardbred Breeders Fund Advisory Board, shall be in addition to and not in lieu of any other moneys paid to standardbred purses under this Act, and shall not be commingled with any other moneys paid into that Fund.

(7.4) If live standardbred racing is conducted at a racetrack located in Madison County at any time in calendar year 2001 before the payment required under paragraph (7.3) has been made, the organization licensee who is licensed to conduct racing at that racetrack shall pay all moneys derived by that racetrack from simulcast wagering and inter-track wagering during calendar years 2000 and 2001 that (1) are to be used for purses and (2) are generated between the hours of 6:30 p.m. and 6:30 a.m. during 2000 or 2001 to the standardbred purse account at that racetrack to be used for standardbred purses.

(8) Notwithstanding any provision in this Act to the contrary, an organization licensee from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River and its affiliated non-host licensees shall not be entitled to share in any retention generated on racing, inter-track wagering, or simulcast wagering at any other Illinois wagering facility.

(8.1) Notwithstanding any provisions in this Act to the contrary, if 2 organization licensees are conducting standardbred race meetings concurrently between the hours of 6:30 p.m. and 6:30 a.m., after payment of all applicable State and local taxes and interstate commission fees, the remainder of the amount retained from simulcast wagering otherwise attributable to the host track and to host track purses shall be split daily between the 2 organization licensees and the purses at the tracks of the 2 organization licensees, respectively, based on each organization licensee's share of the total live handle for that day, provided that this provision shall not apply to any non-host licensee that derives its license from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River.

(9) (Blank).

(10) (Blank).

(11) (Blank).

(12) The Board shall have authority to compel all host tracks to receive the simulcast of any or all races conducted at the Springfield or DuQuoin State fairgrounds and include all such races as part of their simulcast programs.

(13) Notwithstanding any other provision of this Act, in the event that the total Illinois pari-mutuel handle on Illinois horse races at all wagering facilities in any calendar year is less than 75% of the total Illinois pari-mutuel handle on Illinois horse races at all such wagering facilities

for calendar year 1994, then each wagering facility that has an annual total Illinois pari-mutuel handle on Illinois horse races that is less than 75% of the total Illinois pari-mutuel handle on Illinois horse races at such wagering facility for calendar year 1994, shall be permitted to receive, from any amount otherwise payable to the purse account at the race track with which the wagering facility is affiliated in the succeeding calendar year, an amount equal to 2% of the differential in total Illinois pari-mutuel handle on Illinois horse races at the wagering facility between that calendar year in question and 1994 provided, however, that a wagering facility shall not be entitled to any such payment until the Board certifies in writing to the wagering facility the amount to which the wagering facility is entitled and a schedule for payment of the amount to the wagering facility, based on: (i) the racing dates awarded to the race track affiliated with the wagering facility during the succeeding year; (ii) the sums available or anticipated to be available in the purse account of the race track affiliated with the wagering facility for purses during the succeeding year; and (iii) the need to ensure reasonable purse levels during the payment period. The Board's certification shall be provided no later than January 31 of the succeeding year. In the event a wagering facility entitled to a payment under this paragraph (13) is affiliated with a race track that maintains purse accounts for both standardbred and thoroughbred racing, the amount to be paid to the wagering facility shall be divided between each purse account pro rata, based on the amount of Illinois handle on Illinois standardbred and thoroughbred racing respectively at the wagering facility during the previous calendar year. Annually, the General Assembly shall appropriate sufficient funds from the General Revenue Fund to the Department of Agriculture for payment into the thoroughbred and standardbred horse racing purse accounts at Illinois pari-mutuel tracks. The amount paid to each purse account shall be the amount certified by the Illinois Racing Board in January to be transferred from each account to each eligible racing facility in accordance with the provisions of this Section. Beginning in the calendar year in which an organization licensee that is eligible to receive payment under this paragraph (13) begins to receive funds from electronic gaming, the amount of the payment due to all wagering facilities licensed under that organization licensee under this paragraph (13) shall be the amount certified by the Board in January of that year. An organization licensee and its related wagering facilities shall no longer be able to receive payments under this paragraph (13) beginning in the year subsequent to the first year in which the organization licensee begins to receive funds from electronic gaming.

(h) The Board may approve and license the conduct of inter-track wagering and simulcast wagering by inter-track wagering licensees and inter-track wagering location licensees subject to the following terms and conditions:

(1) Any person licensed to conduct a race meeting (i) at a track where 60 or more days of racing were conducted during the immediately preceding calendar year or where over the 5 immediately preceding calendar years an average of 30 or more days of racing were conducted annually may be issued an inter-track wagering license; (ii) at a track located in a county that is bounded by the Mississippi River, which has a population of less than 150,000 according to the 1990 decennial census, and an average of at least 60 days of racing per year between 1985 and 1993 may be issued an inter-track wagering license; or (iii) at a track located in Madison County that conducted at least 100 days of live racing during the immediately preceding calendar year may be issued an inter-track wagering license, unless a lesser schedule of live racing is the result of (A) weather, unsafe track conditions, or other acts of God; (B) an agreement between the organization licensee and the associations representing the largest number of owners, trainers, jockeys, or standardbred drivers who race horses at that organization licensee's racing meeting; or (C) a finding by the Board of extraordinary circumstances and that it was in the best interest of the public and the sport to conduct fewer than 100 days of live racing. Any such person having operating control of the racing facility may also receive up to 6 inter-track wagering location licenses. In no event shall more than 6 inter-track wagering locations be established for each eligible race track, except that an eligible race track located in a county that has a population of more than 230,000 and that is bounded by the Mississippi River may establish up to 7 inter-track wagering locations. An application for said license shall be filed with the Board prior to such dates as may be fixed by the Board. With an application for an inter-track wagering location license there shall be delivered to the Board a certified check or bank draft payable to the order of the Board for an amount equal to \$500. The application shall be on forms prescribed and furnished by the Board. The application shall comply with all other rules, regulations and conditions imposed by the Board in connection therewith.

(2) The Board shall examine the applications with respect to their conformity with this Act and the rules and regulations imposed by the Board. If found to be in compliance with the Act and rules and regulations of the Board, the Board may then issue a license to conduct inter-track wagering and simulcast wagering to such applicant. All such applications shall be acted upon by the Board at a

meeting to be held on such date as may be fixed by the Board.

(3) In granting licenses to conduct inter-track wagering and simulcast wagering, the Board shall give due consideration to the best interests of the public, of horse racing, and of maximizing revenue to the State.

(4) Prior to the issuance of a license to conduct inter-track wagering and simulcast wagering, the applicant shall file with the Board a bond payable to the State of Illinois in the sum of \$50,000, executed by the applicant and a surety company or companies authorized to do business in this State, and conditioned upon (i) the payment by the licensee of all taxes due under Section 27 or 27.1 and any other monies due and payable under this Act, and (ii) distribution by the licensee, upon presentation of the winning ticket or tickets, of all sums payable to the patrons of pari-mutuel pools.

(5) Each license to conduct inter-track wagering and simulcast wagering shall specify the person to whom it is issued, the dates on which such wagering is permitted, and the track or location where the wagering is to be conducted.

(6) All wagering under such license is subject to this Act and to the rules and regulations from time to time prescribed by the Board, and every such license issued by the Board shall contain a recital to that effect.

(7) An inter-track wagering licensee or inter-track wagering location licensee may accept wagers at the track or location where it is licensed, or as otherwise provided under this Act.

(8) Inter-track wagering or simulcast wagering shall not be conducted at any track less than 4 5 miles from a track at which a racing meeting is in progress.

(8.1) Inter-track wagering location licensees who derive their licenses from a particular organization licensee shall conduct inter-track wagering and simulcast wagering only at locations which are either within 90 miles of that race track where the particular organization licensee is licensed to conduct racing, or within 135 miles of that race track where the particular organization licensee is licensed to conduct racing in the case of race tracks in counties of less than 400,000 that were operating on or before June 1, 1986. However, inter-track wagering and simulcast wagering shall not be conducted by those licensees at any location within 5 miles of any race track at which a horse race meeting has been licensed in the current year, unless the person having operating control of such race track has given its written consent to such inter-track wagering location licensees, which consent must be filed with the Board at or prior to the time application is made.

(8.2) Inter-track wagering or simulcast wagering shall not be conducted by an inter-track wagering location licensee at any location within 500 feet of an existing church, an ~~or~~ existing elementary or secondary public school, or an existing elementary or secondary private school registered with or recognized by the State Board of Education ~~school~~, nor within 500 feet of the residences of more than 50 registered voters without receiving written permission from a majority of the registered voters at such residences. Such written permission statements shall be filed with the Board. The distance of 500 feet shall be measured to the nearest part of any building used for worship services, education programs, residential purposes, or conducting inter-track wagering by an inter-track wagering location licensee, and not to property boundaries. However, inter-track wagering or simulcast wagering may be conducted at a site within 500 feet of a church, school or residences of 50 or more registered voters if such church, school or residences have been erected or established, or such voters have been registered, after the Board issues the original inter-track wagering location license at the site in question. Inter-track wagering location licensees may conduct inter-track wagering and simulcast wagering only in areas that are zoned for commercial or manufacturing purposes or in areas for which a special use has been approved by the local zoning authority. However, no license to conduct inter-track wagering and simulcast wagering shall be granted by the Board with respect to any inter-track wagering location within the jurisdiction of any local zoning authority which has, by ordinance or by resolution, prohibited the establishment of an inter-track wagering location within its jurisdiction. However, inter-track wagering and simulcast wagering may be conducted at a site if such ordinance or resolution is enacted after the Board licenses the original inter-track wagering location licensee for the site in question.

(9) (Blank).

(10) An inter-track wagering licensee or an inter-track wagering location licensee may retain, subject to the payment of the privilege taxes and the purses, an amount not to exceed 17% of all money wagered. Each program of racing conducted by each inter-track wagering licensee or inter-track wagering location licensee shall be considered a separate racing day for the purpose of determining the daily handle and computing the privilege tax or pari-mutuel tax on such daily handle as provided in Section 27.

(10.1) Except as provided in subsection (g) of Section 27 of this Act, inter-track

wagering location licensees shall pay 1% of the pari-mutuel handle at each location to the municipality in which such location is situated and 1% of the pari-mutuel handle at each location to the county in which such location is situated. In the event that an inter-track wagering location licensee is situated in an unincorporated area of a county, such licensee shall pay 2% of the pari-mutuel handle from such location to such county.

(10.2) Notwithstanding any other provision of this Act, with respect to intertrack wagering at a race track located in a county that has a population of more than 230,000 and that is bounded by the Mississippi River ("the first race track"), or at a facility operated by an inter-track wagering licensee or inter-track wagering location licensee that derives its license from the organization licensee that operates the first race track, on races conducted at the first race track or on races conducted at another Illinois race track and simultaneously televised to the first race track or to a facility operated by an inter-track wagering licensee or inter-track wagering location licensee that derives its license from the organization licensee that operates the first race track, those moneys shall be allocated as follows:

(A) That portion of all moneys wagered on standardbred racing that is required under this Act to be paid to purses shall be paid to purses for standardbred races.

(B) That portion of all moneys wagered on thoroughbred racing that is required under this Act to be paid to purses shall be paid to purses for thoroughbred races.

(11) (A) After payment of the privilege or pari-mutuel tax, any other applicable taxes, and the costs and expenses in connection with the gathering, transmission, and dissemination of all data necessary to the conduct of inter-track wagering, the remainder of the monies retained under either Section 26 or Section 26.2 of this Act by the inter-track wagering licensee on inter-track wagering shall be allocated with 50% to be split between the 2 participating licensees and 50% to purses, except that an intertrack wagering licensee that derives its license from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River shall not divide any remaining retention with the Illinois organization licensee that provides the race or races, and an intertrack wagering licensee that accepts wagers on races conducted by an organization licensee that conducts a race meet in a county with a population in excess of 230,000 and that borders the Mississippi River shall not divide any remaining retention with that organization licensee.

(B) From the sums permitted to be retained pursuant to this Act each inter-track wagering location licensee shall pay (i) the privilege or pari-mutuel tax to the State; (ii) 4.75% of the pari-mutuel handle on intertrack wagering at such location on races as purses, except that an intertrack wagering location licensee that derives its license from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River shall retain all purse moneys for its own purse account consistent with distribution set forth in this subsection (h), and intertrack wagering location licensees that accept wagers on races conducted by an organization licensee located in a county with a population in excess of 230,000 and that borders the Mississippi River shall distribute all purse moneys to purses at the operating host track; (iii) until January 1, 2000, except as provided in subsection (g) of Section 27 of this Act, 1% of the pari-mutuel handle wagered on inter-track wagering and simulcast wagering at each inter-track wagering location licensee facility to the Horse Racing Tax Allocation Fund, provided that, to the extent the total amount collected and distributed to the Horse Racing Tax Allocation Fund under this subsection (h) during any calendar year exceeds the amount collected and distributed to the Horse Racing Tax Allocation Fund during calendar year 1994, that excess amount shall be redistributed (I) to all inter-track wagering location licensees, based on each licensee's pro-rata share of the total handle from inter-track wagering and simulcast wagering for all inter-track wagering location licensees during the calendar year in which this provision is applicable; then (II) the amounts redistributed to each inter-track wagering location licensee as described in subpart (I) shall be further redistributed as provided in subparagraph (B) of paragraph (5) of subsection (g) of this Section 26 provided first, that the shares of those amounts, which are to be redistributed to the host track or to purses at the host track under subparagraph (B) of paragraph (5) of subsection (g) of this Section 26 shall be redistributed based on each host track's pro rata share of the total inter-track wagering and simulcast wagering handle at all host tracks during the calendar year in question, and second, that any amounts redistributed as described in part (I) to an inter-track wagering location licensee that accepts wagers on races conducted by an organization licensee that conducts a race meet in a county with a population in excess of 230,000 and that borders the Mississippi River shall be further redistributed as provided in subparagraphs (D) and (E) of paragraph (7) of subsection (g) of this Section 26, with the portion of that further redistribution allocated to purses at that organization licensee to be divided between standardbred purses and thoroughbred purses based on the amounts otherwise allocated to purses at that organization licensee during the calendar year in

question; and (iv) 8% of the pari-mutuel handle on inter-track wagering wagered at such location to satisfy all costs and expenses of conducting its wagering. The remainder of the monies retained by the inter-track wagering location licensee shall be allocated 40% to the location licensee and 60% to the organization licensee which provides the Illinois races to the location, except that an intertrack wagering location licensee that derives its license from a track located in a county with a population in excess of 230,000 and that borders the Mississippi River shall not divide any remaining retention with the organization licensee that provides the race or races and an intertrack wagering location licensee that accepts wagers on races conducted by an organization licensee that conducts a race meet in a county with a population in excess of 230,000 and that borders the Mississippi River shall not divide any remaining retention with the organization licensee. Notwithstanding the provisions of clauses (ii) and (iv) of this paragraph, in the case of the additional inter-track wagering location licenses authorized under paragraph (1) of this subsection (h) by this amendatory Act of 1991, those licensees shall pay the following amounts as purses: during the first 12 months the licensee is in operation, 5.25% of the pari-mutuel handle wagered at the location on races; during the second 12 months, 5.25%; during the third 12 months, 5.75%; during the fourth 12 months, 6.25%; and during the fifth 12 months and thereafter, 6.75%. The following amounts shall be retained by the licensee to satisfy all costs and expenses of conducting its wagering: during the first 12 months the licensee is in operation, 8.25% of the pari-mutuel handle wagered at the location; during the second 12 months, 8.25%; during the third 12 months, 7.75%; during the fourth 12 months, 7.25%; and during the fifth 12 months and thereafter, 6.75%. For additional intertrack wagering location licensees authorized under this amendatory Act of 1995, purses for the first 12 months the licensee is in operation shall be 5.75% of the pari-mutuel wagered at the location, purses for the second 12 months the licensee is in operation shall be 6.25%, and purses thereafter shall be 6.75%. For additional intertrack location licensees authorized under this amendatory Act of 1995, the licensee shall be allowed to retain to satisfy all costs and expenses: 7.75% of the pari-mutuel handle wagered at the location during its first 12 months of operation, 7.25% during its second 12 months of operation, and 6.75% thereafter.

(C) There is hereby created the Horse Racing Tax Allocation Fund which shall remain in existence until December 31, 1999. Moneys remaining in the Fund after December 31, 1999 shall be paid into the General Revenue Fund. Until January 1, 2000, all monies paid into the Horse Racing Tax Allocation Fund pursuant to this paragraph (11) by inter-track wagering location licensees located in park districts of 500,000 population or less, or in a municipality that is not included within any park district but is included within a conservation district and is the county seat of a county that (i) is contiguous to the state of Indiana and (ii) has a 1990 population of 88,257 according to the United States Bureau of the Census, and operating on May 1, 1994 shall be allocated by appropriation as follows:

Two-sevenths to the Department of Agriculture. Fifty percent of this two-sevenths shall be used to promote the Illinois horse racing and breeding industry, and shall be distributed by the Department of Agriculture upon the advice of a 9-member committee appointed by the Governor consisting of the following members: the Director of Agriculture, who shall serve as chairman; 2 representatives of organization licensees conducting thoroughbred race meetings in this State, recommended by those licensees; 2 representatives of organization licensees conducting standardbred race meetings in this State, recommended by those licensees; a representative of the Illinois Thoroughbred Breeders and Owners Foundation, recommended by that Foundation; a representative of the Illinois Standardbred Owners and Breeders Association, recommended by that Association; a representative of the Horsemen's Benevolent and Protective Association or any successor organization thereto established in Illinois comprised of the largest number of owners, breeders, and trainers, recommended by that Association or that successor organization; and a representative of the Illinois Harness Horsemen's Association, recommended by that Association. Committee members shall serve for terms of 2 years, commencing January 1 of each even-numbered year. If a representative of any of the above-named entities has not been recommended by January 1 of any even-numbered year, the Governor shall appoint a committee member to fill that position. Committee members shall receive no compensation for their services as members but shall be reimbursed for all actual and necessary expenses and disbursements incurred in the performance of their official duties. The remaining 50% of this two-sevenths shall be distributed to county fairs for premiums and rehabilitation as set forth in the Agricultural Fair Act;

Four-sevenths to park districts or municipalities that do not have a park district of 500,000 population or less for museum purposes (if an inter-track wagering location licensee is located in such a park district) or to conservation districts for museum purposes (if an inter-track wagering location licensee is located in a municipality that is not included within any park district

but is included within a conservation district and is the county seat of a county that (i) is contiguous to the state of Indiana and (ii) has a 1990 population of 88,257 according to the United States Bureau of the Census, except that if the conservation district does not maintain a museum, the monies shall be allocated equally between the county and the municipality in which the inter-track wagering location licensee is located for general purposes) or to a municipal recreation board for park purposes (if an inter-track wagering location licensee is located in a municipality that is not included within any park district and park maintenance is the function of the municipal recreation board and the municipality has a 1990 population of 9,302 according to the United States Bureau of the Census); provided that the monies are distributed to each park district or conservation district or municipality that does not have a park district in an amount equal to four-sevenths of the amount collected by each inter-track wagering location licensee within the park district or conservation district or municipality for the Fund. Monies that were paid into the Horse Racing Tax Allocation Fund before the effective date of this amendatory Act of 1991 by an inter-track wagering location licensee located in a municipality that is not included within any park district but is included within a conservation district as provided in this paragraph shall, as soon as practicable after the effective date of this amendatory Act of 1991, be allocated and paid to that conservation district as provided in this paragraph. Any park district or municipality not maintaining a museum may deposit the monies in the corporate fund of the park district or municipality where the inter-track wagering location is located, to be used for general purposes; and

One-seventh to the Agricultural Premium Fund to be used for distribution to agricultural home economics extension councils in accordance with "An Act in relation to additional support and finances for the Agricultural and Home Economic Extension Councils in the several counties of this State and making an appropriation therefor", approved July 24, 1967.

Until January 1, 2000, all other monies paid into the Horse Racing Tax Allocation Fund pursuant to this paragraph (11) shall be allocated by appropriation as follows:

Two-sevenths to the Department of Agriculture. Fifty percent of this two-sevenths shall be used to promote the Illinois horse racing and breeding industry, and shall be distributed by the Department of Agriculture upon the advice of a 9-member committee appointed by the Governor consisting of the following members: the Director of Agriculture, who shall serve as chairman; 2 representatives of organization licensees conducting thoroughbred race meetings in this State, recommended by those licensees; 2 representatives of organization licensees conducting standardbred race meetings in this State, recommended by those licensees; a representative of the Illinois Thoroughbred Breeders and Owners Foundation, recommended by that Foundation; a representative of the Illinois Standardbred Owners and Breeders Association, recommended by that Association; a representative of the Horsemen's Benevolent and Protective Association or any successor organization thereto established in Illinois comprised of the largest number of owners, breeders, and trainers, recommended by that Association or that successor organization; and a representative of the Illinois Harness Horsemen's Association, recommended by that Association. Committee members shall serve for terms of 2 years, commencing January 1 of each even-numbered year. If a representative of any of the above-named entities has not been recommended by January 1 of any even-numbered year, the Governor shall appoint a committee member to fill that position. Committee members shall receive no compensation for their services as members but shall be reimbursed for all actual and necessary expenses and disbursements incurred in the performance of their official duties. The remaining 50% of this two-sevenths shall be distributed to county fairs for premiums and rehabilitation as set forth in the Agricultural Fair Act;

Four-sevenths to museums and aquariums located in park districts of over 500,000 population; provided that the monies are distributed in accordance with the previous year's distribution of the maintenance tax for such museums and aquariums as provided in Section 2 of the Park District Aquarium and Museum Act; and

One-seventh to the Agricultural Premium Fund to be used for distribution to agricultural home economics extension councils in accordance with "An Act in relation to additional support and finances for the Agricultural and Home Economic Extension Councils in the several counties of this State and making an appropriation therefor", approved July 24, 1967. This subparagraph (C) shall be inoperative and of no force and effect on and after January 1, 2000.

(D) Except as provided in paragraph (11) of this subsection (h), with respect to purse allocation from intertrack wagering, the monies so retained shall be divided as follows:

- (i) If the inter-track wagering licensee, except an intertrack wagering licensee that derives its license from an organization licensee located in a county with a population in excess of 230,000 and bounded by the Mississippi River, is not conducting its own race meeting

during the same dates, then the entire purse allocation shall be to purses at the track where the races wagered on are being conducted.

(ii) If the inter-track wagering licensee, except an intertrack wagering licensee that derives its license from an organization licensee located in a county with a population in excess of 230,000 and bounded by the Mississippi River, is also conducting its own race meeting during the same dates, then the purse allocation shall be as follows: 50% to purses at the track where the races wagered on are being conducted; 50% to purses at the track where the inter-track wagering licensee is accepting such wagers.

(iii) If the inter-track wagering is being conducted by an inter-track wagering location licensee, except an intertrack wagering location licensee that derives its license from an organization licensee located in a county with a population in excess of 230,000 and bounded by the Mississippi River, the entire purse allocation for Illinois races shall be to purses at the track where the race meeting being wagered on is being held.

(12) The Board shall have all powers necessary and proper to fully supervise and control the conduct of inter-track wagering and simulcast wagering by inter-track wagering licensees and inter-track wagering location licensees, including, but not limited to the following:

(A) The Board is vested with power to promulgate reasonable rules and regulations for the purpose of administering the conduct of this wagering and to prescribe reasonable rules, regulations and conditions under which such wagering shall be held and conducted. Such rules and regulations are to provide for the prevention of practices detrimental to the public interest and for the best interests of said wagering and to impose penalties for violations thereof.

(B) The Board, and any person or persons to whom it delegates this power, is vested with the power to enter the facilities of any licensee to determine whether there has been compliance with the provisions of this Act and the rules and regulations relating to the conduct of such wagering.

(C) The Board, and any person or persons to whom it delegates this power, may eject or exclude from any licensee's facilities, any person whose conduct or reputation is such that his presence on such premises may, in the opinion of the Board, call into the question the honesty and integrity of, or interfere with the orderly conduct of such wagering; provided, however, that no person shall be excluded or ejected from such premises solely on the grounds of race, color, creed, national origin, ancestry, or sex.

(D) (Blank).

(E) The Board is vested with the power to appoint delegates to execute any of the powers granted to it under this Section for the purpose of administering this wagering and any rules and regulations promulgated in accordance with this Act.

(F) The Board shall name and appoint a State director of this wagering who shall be a representative of the Board and whose duty it shall be to supervise the conduct of inter-track wagering as may be provided for by the rules and regulations of the Board; such rules and regulation shall specify the method of appointment and the Director's powers, authority and duties.

(G) The Board is vested with the power to impose civil penalties of up to \$5,000 against individuals and up to \$10,000 against licensees for each violation of any provision of this Act relating to the conduct of this wagering, any rules adopted by the Board, any order of the Board or any other action which in the Board's discretion, is a detriment or impediment to such wagering.

(13) The Department of Agriculture may enter into agreements with licensees authorizing such licensees to conduct inter-track wagering on races to be held at the licensed race meetings conducted by the Department of Agriculture. Such agreement shall specify the races of the Department of Agriculture's licensed race meeting upon which the licensees will conduct wagering. In the event that a licensee conducts inter-track pari-mutuel wagering on races from the Illinois State Fair or DuQuoin State Fair which are in addition to the licensee's previously approved racing program, those races shall be considered a separate racing day for the purpose of determining the daily handle and computing the privilege or pari-mutuel tax on that daily handle as provided in Sections 27 and 27.1. Such agreements shall be approved by the Board before such wagering may be conducted. In determining whether to grant approval, the Board shall give due consideration to the best interests of the public and of horse racing. The provisions of paragraphs (1), (8), (8.1), and (8.2) of subsection (h) of this Section which are not specified in this paragraph (13) shall not apply to licensed race meetings conducted by the Department of Agriculture at the Illinois State Fair in Sangamon County or the DuQuoin State Fair in Perry County, or to any wagering conducted on those race meetings.

(j) Notwithstanding the other provisions of this Act, the conduct of wagering at wagering facilities is authorized on all days, except as limited by subsection (b) of Section 19 of this Act.

(Source: P.A. 96-762, eff. 8-25-09; 97-1060, eff. 8-24-12.)

(230 ILCS 5/27) (from Ch. 8, par. 37-27)

Sec. 27. (a) In addition to the organization license fee provided by this Act, until January 1, 2000, a graduated privilege tax is hereby imposed for conducting the pari-mutuel system of wagering permitted under this Act. Until January 1, 2000, except as provided in subsection (g) of Section 27 of this Act, all of the breakage of each racing day held by any licensee in the State shall be paid to the State. Until January 1, 2000, such daily graduated privilege tax shall be paid by the licensee from the amount permitted to be retained under this Act. Until January 1, 2000, each day's graduated privilege tax, breakage, and Horse Racing Tax Allocation funds shall be remitted to the Department of Revenue within 48 hours after the close of the racing day upon which it is assessed or within such other time as the Board prescribes. The privilege tax hereby imposed, until January 1, 2000, shall be a flat tax at the rate of 2% of the daily pari-mutuel handle except as provided in Section 27.1.

In addition, every organization licensee, except as provided in Section 27.1 of this Act, which conducts multiple wagering shall pay, until January 1, 2000, as a privilege tax on multiple wagers an amount equal to 1.25% of all moneys wagered each day on such multiple wagers, plus an additional amount equal to 3.5% of the amount wagered each day on any other multiple wager which involves a single betting interest on 3 or more horses. The licensee shall remit the amount of such taxes to the Department of Revenue within 48 hours after the close of the racing day on which it is assessed or within such other time as the Board prescribes.

This subsection (a) shall be inoperative and of no force and effect on and after January 1, 2000.

(a-5) Beginning on January 1, 2000, a flat pari-mutuel tax at the rate of 1.5% of the daily pari-mutuel handle is imposed at all pari-mutuel wagering facilities and on advance deposit wagering from a location other than a wagering facility, except as otherwise provided for in this subsection (a-5). In addition to the pari-mutuel tax imposed on advance deposit wagering pursuant to this subsection (a-5), beginning on the effective date of this amendatory Act of the 97th General Assembly until January 1, 2013, an additional pari-mutuel tax at the rate of 0.25% shall be imposed on advance deposit wagering. Until August 25, 2012, the additional 0.25% pari-mutuel tax imposed on advance deposit wagering by Public Act 96-972 shall be deposited into the Quarter Horse Purse Fund, which shall be created as a non-appropriated trust fund administered by the Board for grants to thoroughbred organization licensees for payment of purses for quarter horse races conducted by the organization licensee. Beginning on August 26, 2012, the additional 0.25% pari-mutuel tax imposed on advance deposit wagering shall be deposited equally into the standardbred purse accounts of organization licensees conducting standardbred racing. Thoroughbred organization licensees may petition the Board to conduct quarter horse racing and receive purse grants from the Quarter Horse Purse Fund. The Board shall have complete discretion in distributing the Quarter Horse Purse Fund to the petitioning organization licensees. Beginning on the effective date of this amendatory Act of the 96th General Assembly and until moneys deposited pursuant to Section 54 are distributed and received, a pari-mutuel tax at the rate of 0.75% of the daily pari-mutuel handle is imposed at a pari-mutuel facility whose license is derived from a track located in a county that borders the Mississippi River and conducted live racing in the previous year. After moneys deposited pursuant to Section 54 are distributed and received, a pari-mutuel tax at the rate of 1.5% of the daily pari-mutuel handle is imposed at a pari-mutuel facility whose license is derived from a track located in a county that borders the Mississippi River and conducted live racing in the previous year. The pari-mutuel tax imposed by this subsection (a-5) shall be remitted to the Department of Revenue within 48 hours after the close of the racing day upon which it is assessed or within such other time as the Board prescribes.

(a-10) Beginning on the date when an organization licensee begins conducting electronic gaming pursuant to an electronic gaming license, the following pari-mutuel tax is imposed upon an organization licensee on Illinois races at the licensee's race track:

1.5% of the pari-mutuel handle at or below the average daily pari-mutuel handle for 2011.

2% of the pari-mutuel handle above the average daily pari-mutuel handle for 2011 up to 125% of the average daily pari-mutuel handle for 2011.

2.5% of the pari-mutuel handle 125% or more above the average daily pari-mutuel handle for 2011 up to 150% of the average daily pari-mutuel handle for 2011.

3% of the pari-mutuel handle 150% or more above the average daily pari-mutuel handle for 2011 up to 175% of the average daily pari-mutuel handle for 2011.

3.5% of the pari-mutuel handle 175% or more above the average daily pari-mutuel handle for 2011.

The pari-mutuel tax imposed by this subsection (a-10) shall be remitted to the Board within 48 hours after the close of the racing day upon which it is assessed or within such other time as the Board prescribes.

(b) On or before December 31, 1999, in the event that any organization licensee conducts 2 separate

[March 6, 2013]

programs of races on any day, each such program shall be considered a separate racing day for purposes of determining the daily handle and computing the privilege tax on such daily handle as provided in subsection (a) of this Section.

(c) Licensees shall at all times keep accurate books and records of all monies wagered on each day of a race meeting and of the taxes paid to the Department of Revenue under the provisions of this Section. The Board or its duly authorized representative or representatives shall at all reasonable times have access to such records for the purpose of examining and checking the same and ascertaining whether the proper amount of taxes is being paid as provided. The Board shall require verified reports and a statement of the total of all monies wagered daily at each wagering facility upon which the taxes are assessed and may prescribe forms upon which such reports and statement shall be made.

(d) Before a license is issued or re-issued, the licensee shall post a bond in the sum of \$500,000 to the State of Illinois. The bond shall be used to guarantee that the licensee faithfully makes the payments, keeps the books and records and makes reports, and conducts games of chance in conformity with this Act and the rules adopted by the Board. The bond shall not be canceled by a surety on less than 30 days' notice in writing to the Board. If a bond is canceled and the licensee fails to file a new bond with the Board in the required amount on or before the effective date of cancellation, the licensee's license shall be revoked. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond. Any licensee failing or refusing to pay the amount of any tax due under this Section shall be guilty of a business offense and upon conviction shall be fined not more than \$5,000 in addition to the amount found due as tax under this Section. Each day's violation shall constitute a separate offense. All fines paid into Court by a licensee hereunder shall be transmitted and paid over by the Clerk of the Court to the Board.

(e) No other license fee, privilege tax, excise tax, or racing fee, except as provided in this Act, shall be assessed or collected from any such licensee by the State.

(f) No other license fee, privilege tax, excise tax or racing fee shall be assessed or collected from any such licensee by units of local government except as provided in paragraph 10.1 of subsection (h) and subsection (f) of Section 26 of this Act. However, any municipality that has a Board licensed horse race meeting at a race track wholly within its corporate boundaries or a township that has a Board licensed horse race meeting at a race track wholly within the unincorporated area of the township may charge a local amusement tax not to exceed 10¢ per admission to such horse race meeting by the enactment of an ordinance. However, any municipality or county that has a Board licensed inter-track wagering location facility wholly within its corporate boundaries may each impose an admission fee not to exceed \$1.00 per admission to such inter-track wagering location facility, so that a total of not more than \$2.00 per admission may be imposed. Except as provided in subparagraph (g) of Section 27 of this Act, the inter-track wagering location licensee shall collect any and all such fees and within 48 hours remit the fees to the Board, which shall, pursuant to rule, cause the fees to be distributed to the county or municipality.

(g) Notwithstanding any provision in this Act to the contrary, if in any calendar year the total taxes and fees from wagering on live racing and from inter-track wagering required to be collected from licensees and distributed under this Act to all State and local governmental authorities exceeds the amount of such taxes and fees distributed to each State and local governmental authority to which each State and local governmental authority was entitled under this Act for calendar year 1994, then the first \$11 million of that excess amount shall be allocated at the earliest possible date for distribution as purse money for the succeeding calendar year. Upon reaching the 1994 level, and until the excess amount of taxes and fees exceeds \$11 million, the Board shall direct all licensees to cease paying the subject taxes and fees and the Board shall direct all licensees to allocate any such excess amount for purses as follows:

(i) the excess amount shall be initially divided between thoroughbred and standardbred purses based on the thoroughbred's and standardbred's respective percentages of total Illinois live wagering in calendar year 1994;

(ii) each thoroughbred and standardbred organization licensee issued an organization license in that succeeding allocation year shall be allocated an amount equal to the product of its percentage of total Illinois live thoroughbred or standardbred wagering in calendar year 1994 (the total to be determined based on the sum of 1994 on-track wagering for all organization licensees issued organization licenses in both the allocation year and the preceding year) multiplied by the total amount allocated for standardbred or thoroughbred purses, provided that the first \$1,500,000 of the amount allocated to standardbred purses under item (i) shall be allocated to the Department of Agriculture to be expended with the assistance and advice of the Illinois Standardbred Breeders Funds Advisory Board for the purposes listed in subsection (g) of Section 31 of this Act, before the amount allocated to standardbred purses under item (i) is allocated to standardbred organization licensees in the succeeding allocation year.

To the extent the excess amount of taxes and fees to be collected and distributed to State and local governmental authorities exceeds \$11 million, that excess amount shall be collected and distributed to State and local authorities as provided for under this Act.

(Source: P.A. 96-762, eff. 8-25-09; 96-1287, eff. 7-26-10; 97-1060, eff. 8-24-12.)

(230 ILCS 5/30) (from Ch. 8, par. 37-30)

Sec. 30. (a) The General Assembly declares that it is the policy of this State to encourage the breeding of thoroughbred horses in this State and the ownership of such horses by residents of this State in order to provide for: sufficient numbers of high quality thoroughbred horses to participate in thoroughbred racing meetings in this State, and to establish and preserve the agricultural and commercial benefits of such breeding and racing industries to the State of Illinois. It is the intent of the General Assembly to further this policy by the provisions of this Act.

(b) Each organization licensee conducting a thoroughbred racing meeting pursuant to this Act shall provide at least two races each day limited to Illinois conceived and foaled horses or Illinois foaled horses or both. A minimum of 6 races shall be conducted each week limited to Illinois conceived and foaled or Illinois foaled horses or both. No horses shall be permitted to start in such races unless duly registered under the rules of the Department of Agriculture.

(c) Conditions of races under subsection (b) shall be commensurate with past performance, quality, and class of Illinois conceived and foaled and Illinois foaled horses available. If, however, sufficient competition cannot be had among horses of that class on any day, the races may, with consent of the Board, be eliminated for that day and substitute races provided.

(d) There is hereby created a special fund of the State Treasury to be known as the Illinois Thoroughbred Breeders Fund.

Beginning on the effective date of this amendatory Act of the 98th General Assembly, the Illinois Thoroughbred Breeders Fund shall become a non-appropriated trust fund held separately from State moneys. Expenditures from this Fund shall no longer be subject to appropriation.

Except as provided in subsection (g) of Section 27 of this Act, 8.5% of all the monies received by the State as privilege taxes on Thoroughbred racing meetings shall be paid into the Illinois Thoroughbred Breeders Fund.

Notwithstanding any provision of law to the contrary, amounts deposited into the Illinois Thoroughbred Breeders Fund from revenues generated by electronic gaming after the effective date of this amendatory Act of the 98th General Assembly shall be in addition to tax and fee amounts paid under this Section for calendar year 2013 and thereafter.

(e) The Illinois Thoroughbred Breeders Fund shall be administered by the Department of Agriculture with the advice and assistance of the Advisory Board created in subsection (f) of this Section.

(f) The Illinois Thoroughbred Breeders Fund Advisory Board shall consist of the Director of the Department of Agriculture, who shall serve as Chairman; a member of the Illinois Racing Board, designated by it; 2 representatives of the organization licensees conducting thoroughbred racing meetings, recommended by them; 2 representatives of the Illinois Thoroughbred Breeders and Owners Foundation, recommended by it; ~~one representative and 2 representatives of the Horsemen's Benevolent Protective Association ; and one representative from the Illinois Thoroughbred Horsemen's Association or any successor organization established in Illinois comprised of the largest number of owners and trainers, recommended by it, with one representative of the Horsemen's Benevolent and Protective Association to come from its Illinois Division, and one from its Chicago Division.~~ Advisory Board members shall serve for 2 years commencing January 1 of each odd numbered year. If representatives of the organization licensees conducting thoroughbred racing meetings, the Illinois Thoroughbred Breeders and Owners Foundation, ~~and the Horsemen's Benevolent Protection Association , and the Illinois Thoroughbred Horsemen's Association~~ have not been recommended by January 1, of each odd numbered year, the Director of the Department of Agriculture shall make an appointment for the organization failing to so recommend a member of the Advisory Board. Advisory Board members shall receive no compensation for their services as members but shall be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of their official duties.

~~(g) No monies shall be expended from the Illinois Thoroughbred Breeders Fund except as appropriated by the General Assembly.~~ Monies expended ~~appropriated~~ from the Illinois Thoroughbred Breeders Fund shall be expended by the Department of Agriculture, with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board, for the following purposes only:

(1) To provide purse supplements to breeders owners of horses participating in races limited to

Illinois conceived and foaled and Illinois foaled horses. Any such purse supplements shall not be included in and shall be paid in addition to any purses, stakes, or breeders' awards offered by each organization licensee as determined by agreement between such organization licensee and an

organization representing the horsemen. No monies from the Illinois Thoroughbred Breeders Fund shall be used to provide purse supplements for claiming races in which the minimum claiming price is less than \$7,500.

(2) To provide stakes and awards to be paid to the breeders owners of the winning horses in certain races limited to Illinois conceived and foaled and Illinois foaled horses designated as stakes races.

(2.5) To provide an award to the breeder owner or breeders owners of an Illinois conceived and foaled or Illinois

foaled horse that wins a maiden special weight, an allowance, overnight handicap race, or claiming race with claiming price of \$10,000 or more providing the race is not restricted to Illinois conceived and foaled or Illinois foaled horses. Awards shall also be provided to the owner or owners of Illinois conceived and foaled and Illinois foaled horses that place second or third in those races. To the extent that additional moneys are required to pay the minimum additional awards of 40% of the purse the horse earns for placing first, second or third in those races for Illinois foaled horses and of 60% of the purse the horse earns for placing first, second or third in those races for Illinois conceived and foaled horses, those moneys shall be provided from the purse account at the track where earned.

(3) To provide stallion awards to the owner or owners of any stallion that is duly registered with the Illinois Thoroughbred Breeders Fund Program ~~prior to the effective date of this amendatory Act of 1995~~ whose duly registered Illinois conceived and foaled offspring wins a race conducted at an Illinois thoroughbred racing meeting other than a claiming race , provided that the stallion stood service within Illinois at the time the offspring was conceived and that the stallion did not stand for service outside of Illinois at any time during the year in which the offspring was conceived. Such award shall not be paid to the owner or owners of an Illinois stallion that served outside this State at any time during the calendar year in which such race was conducted.

(4) To provide \$75,000 annually for purses to be distributed to county fairs that provide for the running of races during each county fair exclusively for the thoroughbreds conceived and foaled in Illinois. The conditions of the races shall be developed by the county fair association and reviewed by the Department with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board. There shall be no wagering of any kind on the running of Illinois conceived and foaled races at county fairs.

(4.1) To provide purse money for an Illinois stallion stakes program.

(5) No less than ~~90%~~ 80% of all monies appropriated from the Illinois Thoroughbred Breeders Fund shall be expended for the purposes in (1), (2), (2.5), (3), (4), (4.1), and (5) as shown above.

(6) To provide for educational programs regarding the thoroughbred breeding industry.

(7) To provide for research programs concerning the health, development and care of the thoroughbred horse.

(8) To provide for a scholarship and training program for students of equine veterinary medicine.

(9) To provide for dissemination of public information designed to promote the breeding of thoroughbred horses in Illinois.

(10) To provide for all expenses incurred in the administration of the Illinois Thoroughbred Breeders Fund.

(h) The Illinois Thoroughbred Breeders Fund is not subject to administrative charges or chargebacks, including, but not limited to, those authorized under Section 8h of the State Finance Act. Whenever the Governor finds that the amount in the Illinois Thoroughbred Breeders Fund is more than the total of the outstanding appropriations from such fund, the Governor shall notify the State Comptroller and the State Treasurer of such fact. The Comptroller and the State Treasurer, upon receipt of such notification, shall transfer such excess amount from the Illinois Thoroughbred Breeders Fund to the General Revenue Fund.

(i) A sum equal to ~~13%~~ 12-1/2% of the first prize money of every purse won by an Illinois foaled or an Illinois conceived and foaled horse in races not limited to Illinois foaled horses or Illinois conceived and foaled horses, or both, shall be paid by the organization licensee conducting the horse race meeting. Such sum shall be paid ~~50%~~ from the organization licensee's account and 50% from the purse account of the licensee ~~share of the money wagered~~ as follows: 11 1/2% to the breeder of the winning horse and ~~1 1/2%~~ 1% to the organization representing thoroughbred breeders and owners whose representative serves on the Illinois Thoroughbred Breeders Fund Advisory Board for verifying the amounts of breeders' awards earned, assuring their distribution in accordance with this Act, and servicing and promoting the Illinois thoroughbred horse racing industry. The organization representing thoroughbred breeders and owners shall cause all expenditures of monies received under this subsection (i) to be audited at least annually by a registered public accountant. The organization shall file copies of each

annual audit with the Racing Board, the Clerk of the House of Representatives and the Secretary of the Senate, and shall make copies of each annual audit available to the public upon request and upon payment of the reasonable cost of photocopying the requested number of copies. Such payments shall not reduce any award to the owner of the horse or reduce the taxes payable under this Act. Upon completion of its racing meet, each organization licensee shall deliver to the organization representing thoroughbred breeders and owners whose representative serves on the Illinois Thoroughbred Breeders Fund Advisory Board a listing of all the Illinois foaled and the Illinois conceived and foaled horses which won breeders' awards and the amount of such breeders' awards under this subsection to verify accuracy of payments and assure proper distribution of breeders' awards in accordance with the provisions of this Act. Such payments shall be delivered by the organization licensee within 30 days of the end of each race meeting.

(j) A sum equal to ~~13%~~ ~~12-1/2%~~ of the first prize money won in each race limited to Illinois foaled horses or Illinois conceived and foaled horses, or both, shall be paid in the following manner by the organization licensee conducting the horse race meeting, 50% from the organization licensee's account and 50% from the purse account of the licensee share of the money wagered: 11 1/2% to the breeders of the horses in each such race which are the official first, second, third and fourth finishers and 1 1/2% ~~4%~~ to the organization representing thoroughbred breeders and owners whose representative serves on the Illinois Thoroughbred Breeders Fund Advisory Board for verifying the amounts of breeders' awards earned, assuring their proper distribution in accordance with this Act, and servicing and promoting the Illinois thoroughbred horse racing industry. The organization representing thoroughbred breeders and owners shall cause all expenditures of monies received under this subsection (j) to be audited at least annually by a registered public accountant. The organization shall file copies of each annual audit with the Racing Board, the Clerk of the House of Representatives and the Secretary of the Senate, and shall make copies of each annual audit available to the public upon request and upon payment of the reasonable cost of photocopying the requested number of copies.

The 11 1/2% paid to the breeders in accordance with this subsection shall be distributed as follows:

- (1) 60% of such sum shall be paid to the breeder of the horse which finishes in the official first position;
- (2) 20% of such sum shall be paid to the breeder of the horse which finishes in the official second position;
- (3) 15% of such sum shall be paid to the breeder of the horse which finishes in the official third position; and
- (4) 5% of such sum shall be paid to the breeder of the horse which finishes in the official fourth position.

Such payments shall not reduce any award to the owners of a horse or reduce the taxes payable under this Act. Upon completion of its racing meet, each organization licensee shall deliver to the organization representing thoroughbred breeders and owners whose representative serves on the Illinois Thoroughbred Breeders Fund Advisory Board a listing of all the Illinois foaled and the Illinois conceived and foaled horses which won breeders' awards and the amount of such breeders' awards in accordance with the provisions of this Act. Such payments shall be delivered by the organization licensee within 30 days of the end of each race meeting.

(k) The term "breeder", as used herein, means the owner of the mare at the time the foal is dropped. An "Illinois foaled horse" is a foal dropped by a mare which enters this State on or before December 1, in the year in which the horse is bred, provided the mare remains continuously in this State until its foal is born. An "Illinois foaled horse" also means a foal born of a mare in the same year as the mare enters this State on or before March 1, and remains in this State at least 30 days after foaling, is bred back during the season of the foaling to an Illinois Registered Stallion (unless a veterinarian certifies that the mare should not be bred for health reasons), and is not bred to a stallion standing in any other state during the season of foaling. An "Illinois foaled horse" also means a foal born in Illinois of a mare purchased at public auction subsequent to the mare entering this State on or before March 1 ~~prior to February 1~~ of the foaling year providing the mare is owned solely by one or more Illinois residents or an Illinois entity that is entirely owned by one or more Illinois residents.

(l) The Department of Agriculture shall, by rule, with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board:

- (1) Qualify stallions for Illinois breeding; such stallions to stand for service within the State of Illinois at the time of a foal's conception. Such stallion must not stand for service at any place outside the State of Illinois during the calendar year in which the foal is conceived. The Department of Agriculture may assess and collect an application fee of up to \$500 fees for the registration of Illinois-eligible stallions. All fees collected are to be held in trust accounts for the

purposes set forth in this Act and in accordance with Section 205-15 of the Department of Agriculture Law paid into the Illinois Thoroughbred Breeders Fund.

(2) Provide for the registration of Illinois conceived and foaled horses and Illinois foaled horses. No such horse shall compete in the races limited to Illinois conceived and foaled horses or Illinois foaled horses or both unless registered with the Department of Agriculture. The Department of Agriculture may prescribe such forms as are necessary to determine the eligibility of such horses. The Department of Agriculture may assess and collect application fees for the registration of Illinois-eligible foals. All fees collected are to be held in trust accounts for the purposes set forth in this Act and in accordance with Section 205-15 of the Department of Agriculture Law paid into the Illinois Thoroughbred Breeders Fund. No person shall knowingly prepare or cause preparation of an application for registration of such foals containing false information.

(m) The Department of Agriculture, with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board, shall provide that certain races limited to Illinois conceived and foaled and Illinois foaled horses be stakes races and determine the total amount of stakes and awards to be paid to the ~~breeders owners~~ of the winning horses in such races.

In determining the stakes races and the amount of awards for such races, the Department of Agriculture shall consider factors, including but not limited to, the amount of money appropriated for the Illinois Thoroughbred Breeders Fund program, organization licensees' contributions, availability of stakes caliber horses as demonstrated by past performances, whether the race can be coordinated into the proposed racing dates within organization licensees' racing dates, opportunity for colts and fillies and various age groups to race, public wagering on such races, and the previous racing schedule.

(n) The Board and the organizational licensee shall notify the Department of the conditions and minimum purses for races limited to Illinois conceived and foaled and Illinois foaled horses conducted for each organizational licensee conducting a thoroughbred racing meeting. The Department of Agriculture with the advice and assistance of the Illinois Thoroughbred Breeders Fund Advisory Board may allocate monies for purse supplements for such races. In determining whether to allocate money and the amount, the Department of Agriculture shall consider factors, including but not limited to, the amount of money appropriated for the Illinois Thoroughbred Breeders Fund program, the number of races that may occur, and the organizational licensee's purse structure.

(o) In order to improve the breeding quality of thoroughbred horses in the State, the General Assembly recognizes that existing provisions of this Section to encourage such quality breeding need to be revised and strengthened. As such, a Thoroughbred Breeder's Program Task Force is to be appointed by the Governor by September 1, 1999 to make recommendations to the General Assembly by no later than March 1, 2000. This task force is to be composed of 2 representatives from the Illinois Thoroughbred Breeders and Owners Foundation, 2 from the Illinois Thoroughbred Horsemen's Association, 3 from Illinois race tracks operating thoroughbred race meets for an average of at least 30 days in the past 3 years, the Director of Agriculture, the Executive Director of the Racing Board, who shall serve as Chairman.

(Source: P.A. 91-40, eff. 6-25-99.)

(230 ILCS 5/30.5)

Sec. 30.5. Illinois Racing Quarter Horse Breeders Fund.

(a) The General Assembly declares that it is the policy of this State to encourage the breeding of racing quarter horses in this State and the ownership of such horses by residents of this State in order to provide for sufficient numbers of high quality racing quarter horses in this State and to establish and preserve the agricultural and commercial benefits of such breeding and racing industries to the State of Illinois. It is the intent of the General Assembly to further this policy by the provisions of this Act.

(b) There is hereby created non-appropriated trust a special fund in the State Treasury to be known as the Illinois Racing Quarter Horse Breeders Fund , which is held separately from State moneys. Except as provided in subsection (g) of Section 27 of this Act, 8.5% of all the moneys received by the State as pari-mutuel taxes on quarter horse racing shall be paid into the Illinois Racing Quarter Horse Breeders Fund. The Illinois Racing Quarter Horse Breeders Fund shall not be subject to administrative charges or chargebacks, including, but not limited to, those authorized under Section 8h of the State Finance Act.

(c) The Illinois Racing Quarter Horse Breeders Fund shall be administered by the Department of Agriculture with the advice and assistance of the Advisory Board created in subsection (d) of this Section.

(d) The Illinois Racing Quarter Horse Breeders Fund Advisory Board shall consist of the Director of the Department of Agriculture, who shall serve as Chairman; a member of the Illinois Racing Board, designated by it; one representative of the organization licensees conducting pari-mutuel quarter horse racing meetings, recommended by them; 2 representatives of the Illinois Running Quarter Horse

Association, recommended by it; and the Superintendent of Fairs and Promotions from the Department of Agriculture. Advisory Board members shall serve for 2 years commencing January 1 of each odd numbered year. If representatives have not been recommended by January 1 of each odd numbered year, the Director of the Department of Agriculture may make an appointment for the organization failing to so recommend a member of the Advisory Board. Advisory Board members shall receive no compensation for their services as members but may be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of their official duties.

(e) ~~Moneys in No moneys shall be expended from the Illinois Racing Quarter Horse Breeders Fund except as appropriated by the General Assembly. Moneys appropriated from the Illinois Racing Quarter Horse Breeders Fund shall be expended by the Department of Agriculture, with the advice and assistance of the Illinois Racing Quarter Horse Breeders Fund Advisory Board, for the following purposes only:~~

(1) To provide stakes and awards to be paid to the owners of the winning horses in certain races. This provision is limited to Illinois conceived and foaled horses.

(2) To provide an award to the owner or owners of an Illinois conceived and foaled horse that wins a race when pari-mutuel wagering is conducted; providing the race is not restricted to Illinois conceived and foaled horses.

(3) To provide purse money for an Illinois stallion stakes program.

(4) To provide for purses to be distributed for the running of races during the Illinois State Fair and the DuQuoin State Fair exclusively for quarter horses conceived and foaled in Illinois.

(5) To provide for purses to be distributed for the running of races at Illinois county fairs exclusively for quarter horses conceived and foaled in Illinois.

(6) To provide for purses to be distributed for running races exclusively for quarter horses conceived and foaled in Illinois at locations in Illinois determined by the Department of Agriculture with advice and consent of the Illinois Racing Quarter Horse Breeders Fund Advisory Board.

(7) No less than 90% of all moneys appropriated from the Illinois Racing Quarter Horse Breeders Fund shall be expended for the purposes in items (1), (2), (3), (4), and (5) of this subsection (e).

(8) To provide for research programs concerning the health, development, and care of racing quarter horses.

(9) To provide for dissemination of public information designed to promote the breeding of racing quarter horses in Illinois.

(10) To provide for expenses incurred in the administration of the Illinois Racing Quarter Horse Breeders Fund.

(f) The Department of Agriculture shall, by rule, with the advice and assistance of the Illinois Racing Quarter Horse Breeders Fund Advisory Board:

(1) Qualify stallions for Illinois breeding; such stallions to stand for service within the State of Illinois, at the time of a foal's conception. Such stallion must not stand for service at any place outside the State of Illinois during the calendar year in which the foal is conceived. The Department of Agriculture may assess and collect application fees for the registration of Illinois-eligible stallions. All fees collected are to be paid into the Illinois Racing Quarter Horse Breeders Fund.

(2) Provide for the registration of Illinois conceived and foaled horses. No such horse shall compete in the races limited to Illinois conceived and foaled horses unless it is registered with the Department of Agriculture. The Department of Agriculture may prescribe such forms as are necessary to determine the eligibility of such horses. The Department of Agriculture may assess and collect application fees for the registration of Illinois-eligible foals. All fees collected are to be paid into the Illinois Racing Quarter Horse Breeders Fund. No person shall knowingly prepare or cause preparation of an application for registration of such foals that contains false information.

(g) The Department of Agriculture, with the advice and assistance of the Illinois Racing Quarter Horse Breeders Fund Advisory Board, shall provide that certain races limited to Illinois conceived and foaled be stakes races and determine the total amount of stakes and awards to be paid to the owners of the winning horses in such races.

(Source: P.A. 91-40, eff. 6-25-99; revised 10-18-12.)

(230 ILCS 5/31) (from Ch. 8, par. 37-31)

Sec. 31. (a) The General Assembly declares that it is the policy of this State to encourage the breeding of standardbred horses in this State and the ownership of such horses by residents of this State in order to provide for: sufficient numbers of high quality standardbred horses to participate in harness racing meetings in this State, and to establish and preserve the agricultural and commercial benefits of such

breeding and racing industries to the State of Illinois. It is the intent of the General Assembly to further this policy by the provisions of this Section of this Act.

(b) Each organization licensee conducting a harness racing meeting pursuant to this Act shall provide for at least two races each race program limited to Illinois conceived and foaled horses. A minimum of 6 races shall be conducted each week limited to Illinois conceived and foaled horses. No horses shall be permitted to start in such races unless duly registered under the rules of the Department of Agriculture.

(b-5) Organization licensees, not including the Illinois State Fair or the DuQuoin State Fair, shall provide stake races and early closer races for Illinois conceived and foaled horses so that purses distributed for such races shall be no less than 17% of total purses distributed for harness racing in that calendar year in addition to any stakes payments and starting fees contributed by horse owners.

(b-10) Each organization licensee conducting a harness racing meeting pursuant to this Act shall provide an owner award to be paid from the purse account equal to 25% of the amount earned by Illinois conceived and foaled horses in races that are not restricted to Illinois conceived and foaled horses. The owner awards shall not be paid on races below the \$10,000 claiming class.

(c) Conditions of races under subsection (b) shall be commensurate with past performance, quality and class of Illinois conceived and foaled horses available. If, however, sufficient competition cannot be had among horses of that class on any day, the races may, with consent of the Board, be eliminated for that day and substitute races provided.

(d) There is hereby created a special fund of the State Treasury to be known as the Illinois Standardbred Breeders Fund.

During the calendar year 1981, and each year thereafter, except as provided in subsection (g) of Section 27 of this Act, eight and one-half per cent of all the monies received by the State as privilege taxes on harness racing meetings shall be paid into the Illinois Standardbred Breeders Fund.

(e) The Illinois Standardbred Breeders Fund shall be administered by the Department of Agriculture with the assistance and advice of the Advisory Board created in subsection (f) of this Section.

(f) The Illinois Standardbred Breeders Fund Advisory Board is hereby created. The Advisory Board shall consist of the Director of the Department of Agriculture, who shall serve as Chairman; the Superintendent of the Illinois State Fair; a member of the Illinois Racing Board, designated by it; a representative of the Illinois Standardbred Owners and Breeders Association, recommended by it; a representative of the Illinois Association of Agricultural Fairs, recommended by it, such representative to be from a fair at which Illinois conceived and foaled racing is conducted; a representative of the organization licensees conducting harness racing meetings, recommended by them and a representative of the Illinois Harness Horsemen's Association, recommended by it. Advisory Board members shall serve for 2 years commencing January 1, of each odd numbered year. If representatives of the Illinois Standardbred Owners and Breeders Associations, the Illinois Association of Agricultural Fairs, the Illinois Harness Horsemen's Association, and the organization licensees conducting harness racing meetings have not been recommended by January 1, of each odd numbered year, the Director of the Department of Agriculture shall make an appointment for the organization failing to so recommend a member of the Advisory Board. Advisory Board members shall receive no compensation for their services as members but shall be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of their official duties.

(g) No monies shall be expended from the Illinois Standardbred Breeders Fund except as appropriated by the General Assembly. Monies appropriated from the Illinois Standardbred Breeders Fund shall be expended by the Department of Agriculture, with the assistance and advice of the Illinois Standardbred Breeders Fund Advisory Board for the following purposes only:

1. To provide purses for races limited to Illinois conceived and foaled horses at the State Fair and the DuQuoin State Fair.
2. To provide purses for races limited to Illinois conceived and foaled horses at county fairs.
3. To provide purse supplements for races limited to Illinois conceived and foaled horses conducted by associations conducting harness racing meetings.
4. No less than 75% of all monies in the Illinois Standardbred Breeders Fund shall be expended for purses in 1, 2 and 3 as shown above.
5. In the discretion of the Department of Agriculture to provide awards to harness breeders of Illinois conceived and foaled horses which win races conducted by organization licensees conducting harness racing meetings. A breeder is the owner of a mare at the time of conception. No more than 10% of all monies appropriated from the Illinois Standardbred Breeders Fund shall be expended for such harness breeders awards. No more than 25% of the amount expended for harness breeders awards shall be expended for expenses incurred in the administration of such harness

breeders awards.

6. To pay for the improvement of racing facilities located at the State Fair and County fairs.

7. To pay the expenses incurred in the administration of the Illinois Standardbred Breeders Fund.

8. To promote the sport of harness racing, including grants up to a maximum of \$7,500 per fair per year for conducting pari-mutuel wagering during the advertised dates of a county fair.

9. To pay up to \$50,000 annually for the Department of Agriculture to conduct drug testing at county fairs racing standardbred horses.

10. To pay up to \$100,000 annually for distribution to Illinois county fairs to supplement premiums offered in junior classes.

11. To pay up to \$100,000 annually for division and equal distribution to the animal sciences department of each Illinois public university system engaged in equine research and education on or before the effective date of this amendatory Act of the 98th General Assembly for equine research and education.

(h) (Blank) Whenever the Governor finds that the amount in the Illinois Standardbred Breeders Fund is more than the total of the outstanding appropriations from such fund, the Governor shall notify the State Comptroller and the State Treasurer of such fact. The Comptroller and the State Treasurer, upon receipt of such notification, shall transfer such excess amount from the Illinois Standardbred Breeders Fund to the General Revenue Fund.

(i) A sum equal to 13% ~~12 1/2%~~ of the first prize money of the gross every purse won by an Illinois conceived and foaled horse shall be paid 50% by the organization licensee conducting the horse race meeting to the breeder of such winning horse from the organization licensee's account and 50% from the purse account of the licensee share of the money wagered. Such payment shall not reduce any award to the owner of the horse or reduce the taxes payable under this Act. Such payment shall be delivered by the organization licensee at the end of each quarter race meeting.

(j) The Department of Agriculture shall, by rule, with the assistance and advice of the Illinois Standardbred Breeders Fund Advisory Board:

1. Qualify stallions for Illinois Standardbred Breeders Fund breeding; ~~such stallion shall be owned by a resident of the State of Illinois or by an Illinois corporation all of whose shareholders, directors, officers and incorporators are residents of the State of Illinois.~~ Such stallion

shall stand for service at and within the State of Illinois at the time of a foal's conception, and such stallion must not stand for service at any place, ~~nor may semen from such stallion be transported outside the State of Illinois during that calendar year in which the foal is conceived and that the owner of the stallion was for the 12 months prior, a resident of Illinois.~~ Foals conceived outside the State of Illinois from shipped semen from a stallion qualified for breeders' awards under this Section are not eligible to participate in the Illinois conceived and foaled program. The articles of agreement of any partnership, joint venture, limited partnership, syndicate, association or corporation and any bylaws and stock certificates must contain a restriction that provides that the ownership or transfer of interest by any one of the persons a party to the agreement can only be made to a person who qualifies as an Illinois resident.

2. Provide for the registration of Illinois conceived and foaled horses and no such horse shall compete in the races limited to Illinois conceived and foaled horses unless registered with the Department of Agriculture. The Department of Agriculture may prescribe such forms as may be necessary to determine the eligibility of such horses. No person shall knowingly prepare or cause preparation of an application for registration of such foals containing false information. A mare (dam) must be in the state at least 30 days prior to foaling or remain in the State at least 30 days at the time of foaling. Beginning with the 1996 breeding season and for foals of 1997 and thereafter, a foal conceived in the State of Illinois by transported fresh semen may be eligible for Illinois conceived and foaled registration provided all breeding and foaling requirements are met. The stallion must be qualified for Illinois Standardbred Breeders Fund breeding at the time of conception and the mare must be inseminated within the State of Illinois. The foal must be dropped in Illinois and properly registered with the Department of Agriculture in accordance with this Act.

3. Provide that at least a 5 day racing program shall be conducted at the State Fair each year, which program shall include at least the following races limited to Illinois conceived and foaled horses: (a) a two year old Trot and Pace, and Filly Division of each; (b) a three year old Trot and Pace, and Filly Division of each; (c) an aged Trot and Pace, and Mare Division of each.

4. Provide for the payment of nominating, sustaining and starting fees for races promoting the sport of harness racing and for the races to be conducted at the State Fair as provided in

subsection (j) 3 of this Section provided that the nominating, sustaining and starting payment required from an entrant shall not exceed 2% of the purse of such race. All nominating, sustaining and starting payments shall be held for the benefit of entrants and shall be paid out as part of the respective purses for such races. Nominating, sustaining and starting fees shall be held in trust accounts for the purposes as set forth in this Act and in accordance with Section 205-15 of the Department of Agriculture Law (20 ILCS 205/205-15).

5. Provide for the registration with the Department of Agriculture of Colt Associations or county fairs desiring to sponsor races at county fairs.

6. Provide for the promotion of producing standardbred racehorses by providing a bonus award program for owners of 2-year-old horses that win multiple major stakes races that are limited to Illinois conceived and foaled horses.

(k) The Department of Agriculture, with the advice and assistance of the Illinois Standardbred Breeders Fund Advisory Board, may allocate monies for purse supplements for such races. In determining whether to allocate money and the amount, the Department of Agriculture shall consider factors, including but not limited to, the amount of money appropriated for the Illinois Standardbred Breeders Fund program, the number of races that may occur, and an organizational licensee's purse structure. The organizational licensee shall notify the Department of Agriculture of the conditions and minimum purses for races limited to Illinois conceived and foaled horses to be conducted by each organizational licensee conducting a harness racing meeting for which purse supplements have been negotiated.

(l) All races held at county fairs and the State Fair which receive funds from the Illinois Standardbred Breeders Fund shall be conducted in accordance with the rules of the United States Trotting Association unless otherwise modified by the Department of Agriculture.

(m) At all standardbred race meetings held or conducted under authority of a license granted by the Board, and at all standardbred races held at county fairs which are approved by the Department of Agriculture or at the Illinois or DuQuoin State Fairs, no one shall jog, train, warm up or drive a standardbred horse unless he or she is wearing a protective safety helmet, with the chin strap fastened and in place, which meets the standards and requirements as set forth in the 1984 Standard for Protective Headgear for Use in Harness Racing and Other Equestrian Sports published by the Snell Memorial Foundation, or any standards and requirements for headgear the Illinois Racing Board may approve. Any other standards and requirements so approved by the Board shall equal or exceed those published by the Snell Memorial Foundation. Any equestrian helmet bearing the Snell label shall be deemed to have met those standards and requirements.

(Source: P.A. 91-239, eff. 1-1-00.)

(230 ILCS 5/31.1) (from Ch. 8, par. 37-31.1)

Sec. 31.1. (a) Organization licensees collectively shall contribute annually to charity the sum of ~~\$1,000,000~~ ~~\$750,000~~ to non-profit organizations that provide medical and family, counseling, and similar services to persons who reside or work on the backstretch of Illinois racetracks. These contributions shall be collected as follows: (i) no later than July 1st of each year the Board shall assess each organization licensee, except those tracks which are not within 100 miles of each other which tracks shall pay ~~\$40,000~~ ~~\$30,000~~ annually apiece into the Board charity fund, that amount which equals ~~\$920,000~~ ~~\$690,000~~ multiplied by the amount of pari-mutuel wagering handled by the organization licensee in the year preceding assessment and divided by the total pari-mutuel wagering handled by all Illinois organization licensees, except those tracks which are not within 100 miles of each other, in the year preceding assessment; (ii) notice of the assessed contribution shall be mailed to each organization licensee; (iii) within thirty days of its receipt of such notice, each organization licensee shall remit the assessed contribution to the Board. If an organization licensee wilfully fails to so remit the contribution, the Board may revoke its license to conduct horse racing.

(b) No later than October 1st of each year, any qualified charitable organization seeking an allotment of contributed funds shall submit to the Board an application for those funds, using the Board's approved form. No later than December 31st of each year, the Board shall distribute all such amounts collected that year to such charitable organization applicants.

(Source: P.A. 87-110.)

(230 ILCS 5/32.1)

Sec. 32.1. Pari-mutuel tax credit; statewide racetrack real estate equalization.

(a) In order to encourage new investment in Illinois racetrack facilities and mitigate differing real estate tax burdens among all racetracks, the licensees affiliated or associated with each racetrack that has been awarded live racing dates in the current year shall receive an immediate pari-mutuel tax credit in an amount equal to the greater of (i) 50% of the amount of the real estate taxes paid in the prior year

[March 6, 2013]

attributable to that racetrack, or (ii) the amount by which the real estate taxes paid in the prior year attributable to that racetrack exceeds 60% of the average real estate taxes paid in the prior year for all racetracks awarded live horse racing meets in the current year.

Each year, regardless of whether the organization licensee conducted live racing in the year of certification, the Board shall certify in writing, prior to December 31, the real estate taxes paid in that year for each racetrack and the amount of the pari-mutuel tax credit that each organization licensee, intertrack wagering licensee, and intertrack wagering location licensee that derives its license from such racetrack is entitled in the succeeding calendar year. The real estate taxes considered under this Section for any racetrack shall be those taxes on the real estate parcels and related facilities used to conduct a horse race meeting and inter-track wagering at such racetrack under this Act. In no event shall the amount of the tax credit under this Section exceed the amount of pari-mutuel taxes otherwise calculated under this Act. The amount of the tax credit under this Section shall be retained by each licensee and shall not be subject to any reallocation or further distribution under this Act. The Board may promulgate emergency rules to implement this Section.

(b) Beginning on January 1 following the calendar year during which an organization licensee begins conducting electronic gaming operations pursuant to an electric gaming license issued under the Illinois Gambling Act, the organization licensee shall be ineligible to receive a tax credit under this Section.

(Source: P.A. 91-40, eff. 6-25-99.)

(230 ILCS 5/34.3 new)

Sec. 34.3. Drug testing. The Illinois Racing Board and the Department of Agriculture shall jointly establish a program for the purpose of conducting drug testing of horses at county fairs and shall adopt any rules necessary for enforcement of the program. The rules shall include appropriate penalties for violations.

(230 ILCS 5/36) (from Ch. 8, par. 37-36)

Sec. 36. (a) Whoever administers or conspires to administer to any horse a hypnotic, narcotic, stimulant, depressant or any chemical substance which may affect the speed of a horse at any time in any race where the purse or any part of the purse is made of money authorized by any Section of this Act, except those chemical substances permitted by ruling of the Board, internally, externally or by hypodermic method in a race or prior thereto, or whoever knowingly enters a horse in any race within a period of 24 hours after any hypnotic, narcotic, stimulant, depressant or any other chemical substance which may affect the speed of a horse at any time, except those chemical substances permitted by ruling of the Board, has been administered to such horse either internally or externally or by hypodermic method for the purpose of increasing or retarding the speed of such horse shall be guilty of a Class 4 felony. The Board shall suspend or revoke such violator's license.

(b) The term "hypnotic" as used in this Section includes all barbituric acid preparations and derivatives.

(c) The term "narcotic" as used in this Section includes opium and all its alkaloids, salts, preparations and derivatives, cocaine and all its salts, preparations and derivatives and substitutes.

(d) The provisions of this Section 36 and the treatment authorized herein apply to horses entered in and competing in race meetings as defined in Section 3.07 of this Act and to horses entered in and competing at any county fair.

(Source: P.A. 79-1185.)

(230 ILCS 5/39.2 new)

Sec. 39.2. Prohibition of political contributions from certain licensees and applicants.

(a) The General Assembly has a compelling interest in protecting the integrity of both the electoral process and the legislative process by preventing corruption and the appearance of corruption which may arise through permitting certain political campaign contributions by certain persons involved in the horse racing and video gaming industries and regulated by the State. Unlike most other regulated industries, horse racing and gaming are especially susceptible to corruption and potential criminal influence. In Illinois, only licensed horse racing and gaming activities are legal and all other such activities are strictly prohibited. Given these circumstances, it is imperative to eliminate any potential corrupt influence in the horse racing and industries and the electoral process.

Banning political campaign contributions by certain persons subject to this Section to State officeholders and candidates for such offices and to county and municipal officeholders and candidates for such offices in counties and municipalities that receive financial benefits from horse racing and gaming activities is necessary to prevent corruption and the appearance of corruption that may arise when political campaign contributions and horse racing and gaming that is regulated by the State and that confers benefits on counties and municipalities are intermingled.

(b) As used in this Section:

"Affiliated entity" means (i) any corporate parent and each operating subsidiary of the business entity applying for or holding a license, (ii) each operating subsidiary of the corporate parent of the business entity applying for or holding a license, (iii) any organization recognized by the United States Internal Revenue Service as a tax-exempt organization described in Section 501(c) of the Internal Revenue Code of 1986 (or any successor provision of federal tax law) established by one or more business entities seeking or holding a license, any affiliated entity of such business entity, or any affiliated person of such business entity, and (iv) any political committee for which the business entity applying for or holding a license, or any 501(c) organization described in item (iii) related to that business entity, is the sponsoring entity, as defined in Section 9-3 of the Election Code. For purposes of item (iv), the funding of all business entities applying for or holding a license shall be aggregated in determining whether such political committee is an affiliated entity.

"Affiliated person" means (i) any person with any ownership interest or distributive share in excess of 7.5% of any business entity applying for or holding a license, (ii) executive employees of any such business entity, and (iii) the spouse of the persons described in items (i) and (ii).

"Business entity" means any entity doing business for profit, whether organized as a corporation, partnership, sole proprietorship, limited liability company, or partnership or otherwise.

"Contribution" means a contribution as defined in Section 9-1.4 of the Election Code.

"Declared candidate" means a person who has filed a statement of candidacy and petition for nomination or election in the principal office of the State Board of Elections, or in the office of the appropriate election authority for any county or municipality in which a race track is located.

"Executive employee" means (i) any person who is an officer or director or who fulfills duties equivalent to those of an officer or director of a business entity applying for or holding a license and (ii) any employee of such business entity who is required to register under the Lobbyist Registration Act.

"License" means any organization, inter-track wagering, inter-track wagering location, advance deposit wagering, concessionaire, or electronic gaming license issued pursuant to this Act.

"Officeholder" means the Governor, Lieutenant Governor, Attorney General, Secretary of State, Comptroller, Treasurer, member of the General Assembly, or any officeholder in any county or municipality in which a race track is located.

(c) Any person or business entity applying for or holding a license, any affiliated entities or persons of such business entity, any horsemen's association, and any entities or persons soliciting a contribution or causing a contribution to be made on behalf of such person, business entity, or horsemen's association, are prohibited from making any contribution to any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate, as defined in Section 9-1.8 of the Election Code. This prohibition shall commence upon filing of an application for a license and shall continue for a period of 2 years after termination, suspension or revocation of the license.

The Board shall have authority to suspend, revoke, or restrict the license and to impose civil penalties of up to \$100,000 for each violation of this subsection (c). A notice of each such violation and the penalty imposed shall be published on the Board's Internet website and in the Illinois Register. Payments received by the State pursuant to this subsection shall be deposited into the General Revenue Fund.

Any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate that has received a contribution in violation of this subsection (c) shall pay an amount equal to the value of the contribution to the State no more than 30 days after notice of the violation concerning the contribution appears in the Illinois Register. Payments received by the State pursuant to this subsection (c) shall be deposited into the General Revenue Fund.

(d) The Board shall post on its website a list of all persons, business entities, horsemen's associations, and affiliated entities prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c), which list shall be updated and published, at a minimum, every 6 months.

Any person, business entity, horsemen's association, or affiliated entity prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c) shall notify the Board within 7 days after discovering any necessary change or addition to the information relating to that person, business entity, horsemen's association, or affiliated entity contained in the list.

An individual who acts in good faith and in reliance on any information contained in the list shall not be subject to any penalties or liability imposed for a violation of this Section.

(e) If any provision of this Section is held invalid or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect the other provisions or applications of this Section that can be given effect without the invalid application or provision.

(230 ILCS 5/40) (from Ch. 8, par. 37-40)

[March 6, 2013]

Sec. 40. (a) The imposition of any fine or penalty provided in this Act shall not preclude the Board in its rules and regulations from imposing a fine or penalty for any other action which, in the Board's discretion, is a detriment or impediment to horse racing.

(b) The Director of Agriculture or his or her authorized representative shall impose the following monetary penalties and hold administrative hearings as required for failure to submit the following applications, lists, or reports within the time period, date or manner required by statute or rule or for removing a foal from Illinois prior to inspection:

- (1) late filing of a renewal application for offering or standing stallion for service:
 - (A) if an application is submitted no more than 30 days late, \$50;
 - (B) if an application is submitted no more than 45 days late, \$150; or
 - (C) if an application is submitted more than 45 days late, if filing of the application is allowed under an administrative hearing, \$250;
- (2) late filing of list or report of mares bred:
 - (A) if a list or report is submitted no more than 30 days late, \$50;
 - (B) if a list or report is submitted no more than 60 days late \$150; or
 - (C) if a list or report is submitted more than 60 days late, if filing of the list or report is allowed under an administrative hearing, \$250;
- (3) filing an Illinois foaled thoroughbred mare status report after the statutory deadline as provided in subsection (k) of Section 30 of this Act ~~December 31~~:
 - (A) if a report is submitted no more than 30 days late, \$50;
 - (B) if a report is submitted no more than 90 days late, \$150;
 - (C) if a report is submitted no more than 150 days late, \$250; or
 - (D) if a report is submitted more than 150 days late, if filing of the report is allowed under an administrative hearing, \$500;
- (4) late filing of application for foal eligibility certificate:
 - (A) if an application is submitted no more than 30 days late, \$50;
 - (B) if an application is submitted no more than 90 days late, \$150;
 - (C) if an application is submitted no more than 150 days late, \$250; or
 - (D) if an application is submitted more than 150 days late, if filing of the application is allowed under an administrative hearing, \$500;
- (5) failure to report the intent to remove a foal from Illinois prior to inspection, identification and certification by a Department of Agriculture investigator, \$50; and
- (6) if a list or report of mares bred is incomplete, \$50 per mare not included on the list or report.

Any person upon whom monetary penalties are imposed under this Section 3 times within a 5 year period shall have any further monetary penalties imposed at double the amounts set forth above. All monies assessed and collected for violations relating to thoroughbreds shall be paid into the Thoroughbred Breeders Fund. All monies assessed and collected for violations relating to standardbreds shall be paid into the Standardbred Breeders Fund.

(Source: P.A. 87-397.)

(230 ILCS 5/54.75)

Sec. 54.75. Horse Racing Equity Trust Fund.

(a) There is created a Fund to be known as the Horse Racing Equity Trust Fund, which is a non-appropriated trust fund held separate and apart from State moneys. The Fund shall consist of moneys paid into it by owners licensees under the ~~Illinois Riverboat~~ Illinois Gambling Act for the purposes described in this Section. The Fund shall be administered by the Board. Moneys in the Fund shall be distributed as directed and certified by the Board in accordance with the provisions of subsection (b).

(b) The moneys deposited into the Fund, plus any accrued interest on those moneys, shall be distributed within 10 days after those moneys are deposited into the Fund as follows:

(1) Sixty percent of all moneys distributed under this subsection shall be distributed to organization licensees to be distributed at their race meetings as purses. Fifty-seven percent of the amount distributed under this paragraph (1) shall be distributed for thoroughbred race meetings and 43% shall be distributed for standardbred race meetings. Within each breed, moneys shall be allocated to each organization licensee's purse fund in accordance with the ratio between the purses generated for that breed by that licensee during the prior calendar year and the total purses generated throughout the State for that breed during the prior calendar year by licensees in the current calendar year.

(2) The remaining 40% of the moneys distributed under this subsection (b) shall be distributed as follows:

(A) 11% shall be distributed to any person (or its successors or assigns) who had

operating control of a racetrack that conducted live racing in 2002 at a racetrack in a county with at least 230,000 inhabitants that borders the Mississippi River and is a licensee in the current year; and

(B) the remaining 89% shall be distributed pro rata according to the aggregate proportion of total handle from wagering on live races conducted in Illinois (irrespective of where the wagers are placed) for calendar years 2004 and 2005 to any person (or its successors or assigns) who (i) had majority operating control of a racing facility at which live racing was conducted in calendar year 2002, (ii) is a licensee in the current year, and (iii) is not eligible to receive moneys under subparagraph (A) of this paragraph (2).

The moneys received by an organization licensee under this paragraph (2) shall be used by each organization licensee to improve, maintain, market, and otherwise operate its racing facilities to conduct live racing, which shall include backstretch services and capital improvements related to live racing and the backstretch. Any organization licensees sharing common ownership may pool the moneys received and spent at all racing facilities commonly owned in order to meet these requirements.

If any person identified in this paragraph (2) becomes ineligible to receive moneys from the Fund, such amount shall be redistributed among the remaining persons in proportion to their percentages otherwise calculated.

(c) The Board shall monitor organization licensees to ensure that moneys paid to organization licensees under this Section are distributed by the organization licensees as provided in subsection (b).

(Source: P.A. 95-1008, eff. 12-15-08.)

(230 ILCS 5/56 new)

Sec. 56. Electronic gaming.

(a) A person, firm, corporation, or limited liability company having operating control of a race track may apply to the Gaming Board for an electronic gaming license. An electronic gaming license shall authorize its holder to conduct electronic gaming on the grounds of the race track controlled by the licensee's race track. Only one electronic gaming license may be awarded for any race track. A holder of an electronic gaming license shall be subject to the Illinois Gambling Act and rules of the Illinois Gaming Board concerning electronic gaming. If the person, firm, corporation, or limited liability company having operating control of a race track is found by the Illinois Gaming Board to be unsuitable for an electronic gaming license under the Illinois Gambling Act and rules of the Gaming Board, that person, firm, corporation, or limited liability company shall not be granted an electronic gaming license. Each license shall specify the number of gaming positions that its holder may operate.

An electronic gaming licensee may not permit persons under 21 years of age to be present in its electronic gaming facility, but the licensee may accept wagers on live racing and inter-track wagers at its electronic gaming facility.

(b) For purposes of this subsection, "adjusted gross receipts" means an electronic gaming licensee's gross receipts less winnings paid to wagerers and shall also include any amounts that would otherwise be deducted pursuant to subsection (a-9) of Section 13 of the Illinois Gambling Act. The adjusted gross receipts by an electronic gaming licensee from electronic gaming remaining after the payment of taxes under Section 13 of the Illinois Gambling Act shall be distributed as follows:

(1) Amounts shall be paid to the purse account at the track at which the organization licensee is conducting racing equal to the following:

12.75% of annual adjusted gross receipts up to and including \$75,000,000;

20% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;

26.5% of annual adjusted gross receipts in excess of \$100,000,000 but not exceeding \$125,000,000; and

20.5% of annual adjusted gross receipts in excess of \$125,000,000.

(2) The remainder shall be retained by the electronic gaming licensee.

(c) Electronic gaming receipts placed into the purse account of an organization licensee racing thoroughbred horses shall be used for purses, for health care services or worker's compensation for racing industry workers, for equine research, for programs to care for and transition injured and retired thoroughbred horses that race at the race track, or for horse ownership promotion, in accordance with the agreement of the horsemen's association representing the largest number of owners, breeders, and trainers who race at that organization licensee's race meetings.

Annually, from the purse account of an organization licensee racing thoroughbred horses in this State, except for in Madison County, an amount equal to 12% of the electronic gaming receipts placed into the purse accounts shall be paid to the Illinois Thoroughbred Breeders Fund and shall be used for owner awards; a stallion program pursuant to paragraph (3) of subsection (g) of Section 30 of this Act; and Illinois conceived and foaled stakes races pursuant to paragraph (2) of subsection (g) of Section 30 of

this Act, as specifically designated by the horsemen's association representing the largest number of owners, breeders, and trainers who race at the organization licensee's race meetings.

Annually, from the purse account of an organization licensee racing thoroughbred horses in Madison County, an amount equal to 10% of the electronic gaming receipts placed into the purse accounts shall be paid to the Illinois Thoroughbred Breeders Fund and shall be used for owner awards; a stallion program pursuant to paragraph (3) of subsection (g) of Section 30 of this Act; and Illinois conceived and foaled stakes races pursuant to paragraph (2) of subsection (g) of Section 30 of this Act, as specifically designated by the horsemen's association representing the largest number of owners, breeders, and trainers who race at the organization licensee's race meetings.

Annually, from the purse account of an organization licensee conducting thoroughbred races at a race track in Madison County, an amount equal to 1% of the electronic gaming receipts distributed to purses per subsection (b) of this Section 56 shall be paid as follows: 0.33 1/3% to Southern Illinois University Department of Animal Sciences for equine research and education, an amount equal to 0.33 1/3% of the electronic gaming receipts shall be used to operate laundry facilities for backstretch workers at that race track, and an amount equal to 0.33 1/3% of the electronic gaming receipts shall be paid to programs to care for injured and unwanted horses that race at that race track.

Annually, from the purse account of organization licensees conducting thoroughbred races at race tracks in Cook County, \$100,000 shall be paid for division and equal distribution to the animal sciences department of each Illinois public university system engaged in equine research and education on or before the effective date of this amendatory Act of the 98th General Assembly for equine research and education.

(d) Annually, from the purse account of an organization licensee racing standardbred horses, an amount equal to 15% of the electronic gaming receipts placed into that purse account shall be paid to the Illinois Colt Stakes Purse Distribution Fund. Moneys deposited into the Illinois Colt Stakes Purse Distribution Fund shall be used for standardbred racing as authorized in paragraphs 1, 2, 3, 8, 9, 10, and 11 of subsection (g) of Section 31 of this Act and for bonus awards as authorized under paragraph 6 of subsection (j) of Section 31 of this Act.

(e) As a requirement for continued eligibility to conduct electronic gaming, each organization licensee must promote live racing and horse ownership through marketing and promotional efforts. To meet this requirement, all organization licensees operating at each race track facility must collectively expend the amount of the pari-mutuel tax credit that was certified by the Illinois Racing Board in the prior calendar year pursuant to Section 32.1 of this Act for that race track facility, in addition to the amount that was expended by each organizational licensee for such efforts in calendar year 2009. Such incremental expenditures must be directed to assure that all marketing expenditures, including those for the organization licensee's electronic gaming facility, advertise, market, and promote horse racing or horse ownership. The amount spent by the organization licensee for such marketing and promotional efforts in 2009 shall be certified by the Board no later than 90 days after the effective date of this Section.

The Board shall review any amounts expended pursuant to this subsection (e) and shall also include an itemized description of the amount that was expended by each organization licensee pursuant to this subsection (e) in the annual report that the Board is required to submit pursuant to subsection (d) of Section 14 of the Illinois Horse Racing Act of 1975.

(f) The Illinois Gaming Board shall submit a report to the General Assembly on or before December 31, 2014 that examines the feasibility of conducting electronic gaming at the Illinois State Fairgrounds in Sangamon County. At a minimum, this report shall analyze the projected revenues that will be generated, the potential for cannibalization of existing riverboats, casinos, or other electronic gaming facilities, and the potential detriment to the surrounding area and its population. The report shall include the Illinois Gaming Board's findings together with appropriate recommendations for legislative action.

Section 90-40. The Riverboat Gambling Act is amended by changing Sections 1, 2, 3, 4, 5, 5.1, 6, 7, 7.3, 7.5, 8, 9, 11, 11.1, 12, 13, 14, 15, 16, 17, 17.1, 18, 18.1, 19, 20, 21, 23, and 24 and by adding Sections 5.3, 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, 7.12, and 18.2 as follows:

(230 ILCS 10/1) (from Ch. 120, par. 2401)

Sec. 1. Short title. This Act shall be known and may be cited as the Illinois Riverboat Gambling Act.
(Source: P.A. 86-1029.)

(230 ILCS 10/2) (from Ch. 120, par. 2402)

Sec. 2. Legislative Intent.

(a) This Act is intended to benefit the people of the State of Illinois by assisting economic development, and promoting Illinois tourism, and by increasing the amount of revenues available to the State to assist and support education, and to defray State expenses, including unpaid bills.

[March 6, 2013]

(b) While authorization of riverboat and casino gambling will enhance investment, beautification, development and tourism in Illinois, it is recognized that it will do so successfully only if public confidence and trust in the credibility and integrity of the gambling operations and the regulatory process is maintained. Therefore, regulatory provisions of this Act are designed to strictly regulate the facilities, persons, associations and practices related to gambling operations pursuant to the police powers of the State, including comprehensive law enforcement supervision.

(c) The Illinois Gaming Board established under this Act should, as soon as possible, inform each applicant for an owners license of the Board's intent to grant or deny a license.

(Source: P.A. 93-28, eff. 6-20-03.)

(230 ILCS 10/3) (from Ch. 120, par. 2403)

Sec. 3. ~~Riverboat~~ Gambling Authorized.

(a) Riverboat and casino gambling operations and electronic gaming operations ~~and the system of wagering incorporated therein~~, as defined in this Act, are hereby authorized to the extent that they are carried out in accordance with the provisions of this Act.

(b) This Act does not apply to the pari-mutuel system of wagering used or intended to be used in connection with the horse-race meetings as authorized under the Illinois Horse Racing Act of 1975, lottery games authorized under the Illinois Lottery Law, bingo authorized under the Bingo License and Tax Act, charitable games authorized under the Charitable Games Act or pull tabs and jar games conducted under the Illinois Pull Tabs and Jar Games Act. This Act applies to electronic gaming authorized under the Illinois Horse Racing Act of 1975 to the extent provided in that Act and in this Act.

(c) Riverboat gambling conducted pursuant to this Act may be authorized upon any water within the State of Illinois or any water other than Lake Michigan which constitutes a boundary of the State of Illinois. Notwithstanding any provision in this subsection (c) to the contrary, a licensee that receives its license pursuant to subsection (e-5) of Section 7 may conduct riverboat gambling on Lake Michigan from a home dock located on Lake Michigan subject to any limitations contained in Section 7. Notwithstanding any provision in this subsection (c) to the contrary, a licensee may conduct gambling at its home dock facility as provided in Sections 7 and 11. A licensee may conduct riverboat gambling authorized under this Act regardless of whether it conducts excursion cruises. A licensee may permit the continuous ingress and egress of passengers for the purpose of gambling.

(d) Gambling that is conducted in accordance with this Act using slot machines and video games of chance and other electronic gambling games as defined in both the Illinois Gambling Act and the Illinois Horse Racing Act of 1975 is authorized.

(Source: P.A. 91-40, eff. 6-25-99.)

(230 ILCS 10/4) (from Ch. 120, par. 2404)

Sec. 4. Definitions. As used in this Act:

(a) "Board" means the Illinois Gaming Board.

(b) "Occupational license" means a license issued by the Board to a person or entity to perform an occupation which the Board has identified as requiring a license to engage in riverboat gambling in Illinois.

(c) "Gambling game" includes, but is not limited to, baccarat, twenty-one, poker, craps, slot machine, video game of chance, roulette wheel, klondike table, punchboard, faro layout, keno layout, numbers ticket, push card, jar ticket, or pull tab which is authorized by the Board as a wagering device under this Act.

(d) "Riverboat" means a self-propelled excursion boat, a permanently moored barge, or permanently moored barges that are permanently fixed together to operate as one vessel, on which lawful gambling is authorized and licensed as provided in this Act.

"Slot machine" means any mechanical, electrical, or other device, contrivance, or machine that is authorized by the Board as a wagering device under this Act which, upon insertion of a coin, currency, token, or similar object therein, or upon payment of any consideration whatsoever, is available to play or operate, the play or operation of which may deliver or entitle the person playing or operating the machine to receive cash, premiums, merchandise, tokens, or anything of value whatsoever, whether the payoff is made automatically from the machine or in any other manner whatsoever. A slot machine:

(1) may utilize spinning reels or video displays or both;

(2) may or may not dispense coins, tickets, or tokens to winning patrons;

(3) may use an electronic credit system for receiving wagers and making payouts; and

(4) may simulate a table game.

"Slot machine" does not include table games authorized by the Board as a wagering device under this Act.

(e) "Managers license" means a license issued by the Board to a person or entity to manage gambling

operations conducted by the State pursuant to Section 7.3.

(f) "Dock" means the location where a riverboat moors for the purpose of embarking passengers for and disembarking passengers from the riverboat.

(g) "Gross receipts" means the total amount of money exchanged for the purchase of chips, tokens, or electronic cards by riverboat patrons.

(h) "Adjusted gross receipts" means the gross receipts less winnings paid to wagerers.

(i) "Cheat" means to alter the selection of criteria which determine the result of a gambling game or the amount or frequency of payment in a gambling game.

(j) ~~(Blank)~~.

(k) "Gambling operation" means the conduct of ~~authorized~~ authorized gambling games authorized under this Act upon a riverboat or in a casino or authorized under this Act and the Illinois Horse Racing Act of 1975 at an electronic gaming facility.

(l) "License bid" means the lump sum amount of money that an applicant bids and agrees to pay the State in return for an owners license that is issued or re-issued on or after July 1, 2003.

"Table game" means a live gaming apparatus upon which gaming is conducted or that determines an outcome that is the object of a wager, including, but not limited to, baccarat, twenty-one, blackjack, poker, craps, roulette wheel, klondike table, punchboard, faro layout, keno layout, numbers ticket, push card, jar ticket, pull tab, or other similar games that are authorized by the Board as a wagering device under this Act. "Table game" does not include slot machines or video games of chance.

(m) The terms "minority person", "female", and "person with a disability" shall have the same meaning as defined in Section 2 of the Business Enterprise for Minorities, Females, and Persons with Disabilities Act.

"Authority" means the Chicago Casino Development Authority.

"Casino" means a facility at which lawful gambling is authorized as provided in this Act.

"Owners license" means a license to conduct riverboat or casino gambling operations, but does not include an electronic gaming license.

"Licensed owner" means a person who holds an owners license.

"Electronic gaming" means slot machine gambling, video game of chance gambling, or gambling with electronic gambling games as defined in the Illinois Gambling Act or defined by the Board that is conducted at a race track pursuant to an electronic gaming license.

"Electronic gaming facility" means the area where the Board has authorized electronic gaming at a race track of an organization licensee under the Illinois Horse Racing Act of 1975 that holds an electronic gaming license.

"Electronic gaming license" means a license issued by the Board under Section 7.6 of this Act authorizing electronic gaming at an electronic gaming facility.

"Electronic gaming licensee" means an entity that holds an electronic gaming license.

"Organization licensee" means an entity authorized by the Illinois Racing Board to conduct pari-mutuel wagering in accordance with the Illinois Horse Racing Act of 1975. With respect only to electronic gaming, "organization licensee" includes the authorization for electronic gaming created under subsection (a) of Section 56 of the Illinois Horse Racing Act of 1975.

"Casino operator license" means the license held by the person or entity selected by the Authority to manage and operate a riverboat or casino within the geographic area of the authorized municipality pursuant to this Act and the Chicago Casino Development Authority Act.

(Source: P.A. 95-331, eff. 8-21-07; 96-1392, eff. 1-1-11.)

(230 ILCS 10/5) (from Ch. 120, par. 2405)

Sec. 5. Gaming Board.

(a) (1) There is hereby established the Illinois Gaming Board, which shall have the powers and duties specified in this Act and in the Chicago Casino Development Authority Act, and all other powers necessary and proper to fully and effectively execute this Act for the purpose of administering, regulating, and enforcing the system of riverboat and casino gambling and electronic gaming established by this Act and by the Chicago Casino Development Authority Act. Its jurisdiction shall extend under this Act and the Chicago Casino Development Authority Act to every person, association, corporation, partnership and trust involved in riverboat and casino gambling operations and electronic gaming in the State of Illinois.

(2) Notwithstanding any provision of this Section to the contrary, the term of office of each member of the Board appointed by the Governor who is sitting on the Board on the effective date of this amendatory Act of the 98th General Assembly is terminated on that effective date.

Beginning on the 90th day after the effective date of this amendatory Act of the 98th General Assembly, the Board shall consist of 5 members to be appointed by the Governor with the advice

and consent of the Senate, one of whom shall be designated by the Governor to be chairperson ~~chairman~~. Each member shall have a reasonable knowledge of the practice, procedure and principles of gambling operations. Each member shall either be a resident of Illinois or shall certify that he or she will become a resident of Illinois before taking office.

For the purposes of this subsection (a), the Governor may make a nomination and the Senate may confirm the nominee in advance of the commencement of the nominee's term of office. The Governor shall make nominations for appointment to the Board under this Section within 60 days after the effective date of this amendatory Act of the 98th General Assembly. A Board member sitting on the Board on the effective date of this amendatory Act of the 98th General Assembly may not hold over in office for more than 90 days after the effective date of this amendatory Act of the 98th General Assembly. Nothing in this Section shall prevent the Governor from making a temporary appointment or nominating a Board member holding office on the day before the effective date of this amendatory Act of the 98th General Assembly.

The Board must include the following:

(A) One member who has received, at a minimum, a bachelor's degree from an accredited school and at least 10 years of verifiable training and experience in the fields of investigation and law enforcement.

(B) One member who is a certified public accountant with experience in auditing and with knowledge of complex corporate structures and transactions.

(C) One member who has 5 years' experience as a principal, senior officer, or director of a company or business with either material responsibility for the daily operations and management of the overall company or business or material responsibility for the policy making of the company or business.

(D) One member who is a lawyer licensed to practice law in Illinois.

No more than 3 members of the Board may be from the same political party. The Board should reflect the ethnic, cultural, and geographic diversity of the State. No Board member shall, within a period of one year immediately preceding nomination, have been employed or received compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Board, a licensee, or a licensee under the Illinois Horse Racing Act of 1975. Board members must publicly disclose all prior affiliations with gaming interests, including any compensation, fees, bonuses, salaries, and other reimbursement received from a person or entity, or its parent or affiliate, that has engaged in business with the Board, a licensee, or a licensee under the Illinois Horse Racing Act of 1975. This disclosure must be made within 30 days after nomination but prior to confirmation by the Senate and must be made available to the members of the Senate. At least one member shall be experienced in law enforcement and criminal investigation, at least one member shall be a certified public accountant experienced in accounting and auditing, and at least one member shall be a lawyer licensed to practice law in Illinois.

(3) The terms of office of the Board members shall be 3 years, except that the terms of office of the initial Board members appointed pursuant to this Act will commence from the effective date of this Act and run as follows: one for a term ending July 1, 1991, 2 for a term ending July 1, 1992, and 2 for a term ending July 1, 1993. Upon the expiration of the foregoing terms, the successors of such members shall serve a term for 3 years and until their successors are appointed and qualified for like terms. Vacancies in the Board shall be filled for the unexpired term in like manner as original appointments. Each member of the Board shall be eligible for reappointment at the discretion of the Governor with the advice and consent of the Senate.

(4) Each member of the Board shall receive \$300 for each day the Board meets and for each day the member conducts any hearing pursuant to this Act. Each member of the Board shall also be reimbursed for all actual and necessary expenses and disbursements incurred in the execution of official duties.

(5) No person shall be appointed a member of the Board or continue to be a member of the Board who is, or whose spouse, child or parent is, a member of the board of directors of, or a person financially interested in, any gambling operation subject to the jurisdiction of this Board, or any race track, race meeting, racing association or the operations thereof subject to the jurisdiction of the Illinois Racing Board. No Board member shall hold any other public office. No person shall be a member of the Board who is not of good moral character or who has been convicted of, or is under indictment for, a felony under the laws of Illinois or any other state, or the United States.

(5.5) No member of the Board shall engage in any political activity. For the purposes of this Section, "political" means any activity in support of or in connection with any campaign for federal, State, or local elective office or any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action (as those terms are defined in Section 2 of the Lobbyist Registration Act), (ii) relating to collective bargaining, or (iii) that are

otherwise in furtherance of the person's official State duties or governmental and public service functions.

(6) Any member of the Board may be removed by the Governor for neglect of duty, misfeasance, malfeasance, or nonfeasance in office or for engaging in any political activity.

(7) Before entering upon the discharge of the duties of his office, each member of the Board shall take an oath that he will faithfully execute the duties of his office according to the laws of the State and the rules and regulations adopted therewith and shall give bond to the State of Illinois, approved by the Governor, in the sum of \$25,000. Every such bond, when duly executed and approved, shall be recorded in the office of the Secretary of State. Whenever the Governor determines that the bond of any member of the Board has become or is likely to become invalid or insufficient, he shall require such member forthwith to renew his bond, which is to be approved by the Governor. Any member of the Board who fails to take oath and give bond within 30 days from the date of his appointment, or who fails to renew his bond within 30 days after it is demanded by the Governor, shall be guilty of neglect of duty and may be removed by the Governor. The cost of any bond given by any member of the Board under this Section shall be taken to be a part of the necessary expenses of the Board.

(8) The Board shall employ such personnel as may be necessary to carry out its functions and shall determine the salaries of all personnel, except those personnel whose salaries are determined under the terms of a collective bargaining agreement. No person shall be employed to serve the Board who is, or whose spouse, parent or child is, an official of, or has a financial interest in or financial relation with, any operator engaged in gambling operations within this State or any organization engaged in conducting horse racing within this State. For the one year immediately preceding employment, an employee shall not have been employed or received compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the Board, a licensee, or a licensee under the Illinois Horse Racing Act of 1975. Any employee violating these prohibitions shall be subject to termination of employment. In addition, all Board members and employees are subject to the restrictions set forth in Section 5-45 of the State Officials and Employees Ethics Act.

(9) An Administrator shall perform any and all duties that the Board shall assign him. The salary of the Administrator shall be determined by the Board and, in addition, he shall be reimbursed for all actual and necessary expenses incurred by him in discharge of his official duties. The Administrator shall keep records of all proceedings of the Board and shall preserve all records, books, documents and other papers belonging to the Board or entrusted to its care. The Administrator shall devote his full time to the duties of the office and shall not hold any other office or employment. In addition to other prescribed duties, the Administrator shall establish a system by which personnel assisting the Board regarding the issuance of owners licenses, whether it be relocation, re-issuance, or the initial issuance, shall be assigned specific duties in each instance, thereby preventing a conflict of interest in regards to the decision-making process. A conflict of interest exists if a situation influences or creates the appearance that it may influence judgment or performance of duties or responsibilities.

(b) The Board shall have general responsibility for the implementation of this Act. Its duties include, without limitation, the following:

(1) To decide promptly and in reasonable order all license applications. Any party

aggrieved by an action of the Board denying, suspending, revoking, restricting or refusing to renew a license may request a hearing before the Board. A request for a hearing must be made to the Board in writing within 5 days after service of notice of the action of the Board. Notice of the action of the Board shall be served either by personal delivery or by certified mail, postage prepaid, to the aggrieved party. Notice served by certified mail shall be deemed complete on the business day following the date of such mailing. The Board shall conduct all requested hearings promptly and in reasonable order;

(2) To conduct all hearings pertaining to civil violations of this Act or rules and regulations promulgated hereunder;

(3) To promulgate such rules and regulations as in its judgment may be necessary to protect or enhance the credibility and integrity of gambling operations authorized by this Act and the regulatory process hereunder;

(4) To provide for the establishment and collection of all license and registration fees and taxes imposed by this Act and the rules and regulations issued pursuant hereto. All such fees and taxes shall be deposited into the State Gaming Fund;

(5) To provide for the levy and collection of penalties and fines for the violation of provisions of this Act and the rules and regulations promulgated hereunder. All such fines and penalties shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois;

(6) To be present through its inspectors and agents any time gambling operations are conducted on any riverboat, in any casino, or at any electronic gaming facility for the purpose of certifying the revenue thereof, receiving complaints from the public, and conducting such other investigations into the conduct of the gambling games and the maintenance of the equipment as from time to time the Board may deem necessary and proper;

(7) To review and rule upon any complaint by a licensee regarding any investigative procedures of the State which are unnecessarily disruptive of gambling operations. The need to inspect and investigate shall be presumed at all times. The disruption of a licensee's operations shall be proved by clear and convincing evidence, and establish that: (A) the procedures had no reasonable law enforcement purposes, and (B) the procedures were so disruptive as to unreasonably inhibit gambling operations;

(8) To hold at least one meeting each quarter of the fiscal year. In addition, special meetings may be called by the Chairman or any 2 Board members upon 72 hours written notice to each member. All Board meetings shall be subject to the Open Meetings Act. Three members of the Board shall constitute a quorum, and 3 votes shall be required for any final determination by the Board. The Board shall keep a complete and accurate record of all its meetings. A majority of the members of the Board shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power which this Act requires the Board members to transact, perform or exercise en banc, except that, upon order of the Board, one of the Board members or an administrative law judge designated by the Board may conduct any hearing provided for under this Act or by Board rule and may recommend findings and decisions to the Board. The Board member or administrative law judge conducting such hearing shall have all powers and rights granted to the Board in this Act. The record made at the time of the hearing shall be reviewed by the Board, or a majority thereof, and the findings and decision of the majority of the Board shall constitute the order of the Board in such case;

(9) To maintain records which are separate and distinct from the records of any other State board or commission. Such records shall be available for public inspection and shall accurately reflect all Board proceedings;

(10) To file a written annual report with the Governor on or before March 1 each year and such additional reports as the Governor may request. The annual report shall include a statement of receipts and disbursements by the Board, actions taken by the Board, and any additional information and recommendations which the Board may deem valuable or which the Governor may request;

(11) (Blank);

(12) (Blank);

(13) To assume responsibility for administration and enforcement of the Video Gaming Act; ~~and~~

(13.1) To assume responsibility for the administration and enforcement of operations at electronic gaming facilities pursuant to this Act and the Illinois Horse Racing Act of 1975;

(13.2) To assume responsibility for the administration and enforcement of gambling operations at the Chicago Casino Development Authority's casino pursuant to the Chicago Casino Development Authority Act; and

(14) To adopt, by rule, a code of conduct governing Board members and employees that ensure, to the maximum extent possible, that persons subject to this Code avoid situations, relationships, or associations that may represent or lead to a conflict of interest.

Any action by the Board or staff of the Board, including, but not limited to, denying a renewal, approving procedures (including internal controls), levying a fine or penalty, promotions, or other activities affecting an applicant for licensure or a licensee, may, at the discretion of the applicant or licensee, be appealed to an administrative law judge in accordance with subsection (b) of Section 17.1.

Internal controls and changes submitted by licensees must be reviewed and either approved or denied with cause within 60 days after receipt by the Illinois Gaming Board. In the event an internal control submission or change does not meet the standards set by the Board, staff of the Board must provide technical assistance to the licensee to rectify such deficiencies within 60 days after the initial submission and the revised submission must be reviewed and approved or denied with cause within 60 days. For the purposes of this paragraph, "with cause" means that the approval of the submission would jeopardize the integrity of gaming. In the event the Board staff has not acted within the timeframe, the submission shall be deemed approved.

(c) The Board shall have jurisdiction over and shall supervise all gambling operations governed by this Act and the Chicago Casino Development Authority Act. The Board shall have all powers necessary

[March 6, 2013]

and proper to fully and effectively execute the provisions of this Act and the Chicago Casino Development Authority Act, including, but not limited to, the following:

- (1) To investigate applicants and determine the eligibility of applicants for licenses and to select among competing applicants the applicants which best serve the interests of the citizens of Illinois.
- (2) To have jurisdiction and supervision over all ~~riverboat~~ gambling operations authorized under this Act and the Chicago Casino Development Authority Act in this State and all persons in places on riverboats where gambling operations are conducted.
- (3) To promulgate rules and regulations for the purpose of administering the provisions of this Act and the Chicago Casino Development Authority Act and to prescribe rules, regulations and conditions under which all ~~riverboat~~ gambling operations subject to this Act and the Chicago Casino Development Authority Act in the State shall be conducted. Such rules and regulations are to provide for the prevention of practices detrimental to the public interest and for the best interests of ~~riverboat~~ gambling, including rules and regulations regarding the inspection of electronic gaming facilities, casinos, and such riverboats, and the review of any permits or licenses necessary to operate a riverboat, casino, or electronic gaming facilities under any laws or regulations applicable to riverboats, casinos, or electronic gaming facilities and to impose penalties for violations thereof.
- (4) To enter the office, riverboats, casinos, electronic gaming facilities, and other facilities, or other places of business of a licensee, where evidence of the compliance or noncompliance with the provisions of this Act and the Chicago Casino Development Authority Act is likely to be found.
- (5) To investigate alleged violations of this Act, the Chicago Casino Development Authority Act, or the rules of the Board and to take appropriate disciplinary action against a licensee or a holder of an occupational license for a violation, or institute appropriate legal action for enforcement, or both.
- (6) To adopt standards for the licensing of all persons and entities under this Act and the Chicago Casino Development Authority Act, as well as for electronic or mechanical gambling games, and to establish fees for such licenses.
- (7) To adopt appropriate standards for all electronic gaming facilities, riverboats, casinos, and other facilities authorized under this Act and the Chicago Casino Development Authority Act.
- (8) To require that the records, including financial or other statements of any licensee under this Act and the Chicago Casino Development Authority Act, shall be kept in such manner as prescribed by the Board and that any such licensee involved in the ownership or management of gambling operations submit to the Board an annual balance sheet and profit and loss statement, list of the stockholders or other persons having a 1% or greater beneficial interest in the gambling activities of each licensee, and any other information the Board deems necessary in order to effectively administer this Act and the Chicago Casino Development Authority Act and all rules, regulations, orders and final decisions promulgated under this Act and the Chicago Casino Development Authority Act.
- (9) To conduct hearings, issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records and other pertinent documents in accordance with the Illinois Administrative Procedure Act, and to administer oaths and affirmations to the witnesses, when, in the judgment of the Board, it is necessary to administer or enforce this Act, the Chicago Casino Development Authority Act, or the Board rules.
- (10) To prescribe a form to be used by any licensee involved in the ownership or management of gambling operations as an application for employment for their employees.
- (11) To revoke or suspend licenses, other than the license issued to the Chicago Casino Development Authority, as the Board may see fit and in compliance with applicable laws of the State regarding administrative procedures, and to review applications for the renewal of licenses. The Board may suspend an owners license (other than the license issued to the Chicago Casino Development Authority), electronic gaming license, or casino operator license, without notice or hearing upon a determination that the safety or health of patrons or employees is jeopardized by continuing a gambling operation conducted under that license riverboat's operation. The suspension may remain in effect until the Board determines that the cause for suspension has been abated. The Board may revoke an the owners license (other than the license issued to the Chicago Casino Development Authority), electronic gaming license, or casino operator license upon a determination that the licensee owner has not made satisfactory progress toward abating the hazard.
- (12) To eject or exclude or authorize the ejection or exclusion of, any person from ~~riverboat~~

gambling facilities where ~~that~~ such person is in violation of this Act or the Chicago Casino Development Authority Act, rules and regulations thereunder, or final orders of the Board, or where such person's conduct or reputation is such that his or her presence within the ~~riverboat~~ gambling facilities may, in the opinion of the Board, call into question the honesty and integrity of the gambling operations or interfere with the orderly conduct thereof; provided that the propriety of such ejection or exclusion is subject to subsequent hearing by the Board.

(13) To require all licensees of gambling operations to utilize a cashless wagering system whereby all players' money is converted to tokens, electronic cards, or chips which shall be used only for wagering in the gambling establishment.

(14) (Blank).

(15) To suspend, revoke or restrict licenses, other than the license issued to the Chicago Casino Development Authority, to require the removal of a licensee or

an employee of a licensee for a violation of this Act, the Chicago Casino Development Authority Act, or a Board rule or for engaging in a fraudulent practice, and to impose civil penalties of up to \$5,000 against individuals and up to \$10,000 or an amount equal to the daily gross receipts, whichever is larger, against licensees for each violation of any provision of the Act, the Chicago Casino Development Authority Act, any rules adopted by the Board, any order of the Board or any other action which, in the Board's discretion, is a detriment or impediment to ~~riverboat~~ gambling operations.

(16) To hire employees to gather information, conduct investigations and carry out any other tasks contemplated under this Act or the Chicago Casino Development Authority Act.

(17) To establish minimum levels of insurance to be maintained by licensees.

(18) To authorize a licensee to sell or serve alcoholic liquors, wine or beer as defined in the Liquor Control Act of 1934 on board a riverboat or in a casino and to have exclusive authority to establish the hours for sale and consumption of alcoholic liquor on board a riverboat or in a casino, notwithstanding any provision of the Liquor Control Act of 1934 or any local ordinance, and regardless of whether the riverboat makes excursions. The establishment of the hours for sale and consumption of alcoholic liquor on board a riverboat or in a casino is an exclusive power and function of the State. A home rule unit may not establish the hours for sale and consumption of alcoholic liquor on board a riverboat or in a casino. This subdivision (18) amendatory Act of 1991 is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.

(19) After consultation with the U.S. Army Corps of Engineers, to establish binding emergency orders upon the concurrence of a majority of the members of the Board regarding the navigability of water, relative to excursions, in the event of extreme weather conditions, acts of God or other extreme circumstances.

(20) To delegate the execution of any of its powers under this Act or the Chicago Casino Development Authority Act for the purpose of administering and enforcing this Act, the Chicago Casino Development Authority Act, and the its rules adopted by the Board under both Acts and regulations hereunder.

(20.5) To approve any contract entered into on its behalf.

(20.6) To appoint investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act, as deemed necessary by the Board. These investigators have and may exercise all of the rights and powers of peace officers, provided that these powers shall be limited to offenses or violations occurring or committed in a casino, in an electronic gaming facility, or on a riverboat or dock, as defined in subsections (d) and (f) of Section 4, or as otherwise provided by this Act, the Chicago Casino Development Authority Act, or any other law.

(20.7) To contract with the Department of State Police for the use of trained and qualified State police officers and with the Department of Revenue for the use of trained and qualified Department of Revenue investigators to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act or the Chicago Casino Development Authority Act and to exercise all of the rights and powers of peace officers, provided that the powers of Department of Revenue investigators under this subdivision (20.7) shall be limited to offenses or violations occurring or committed in a casino, in an electronic gaming facility, or on a riverboat or dock, as defined in subsections (d) and (f) of Section 4, or as otherwise provided by this Act or any other law. In the event the Department of State Police or the Department of Revenue is unable to fill contracted police or investigative positions, the Board may appoint investigators to fill those positions pursuant to subdivision (20.6).

(21) To adopt rules concerning the conduct of electronic gaming.

(22) To have the same jurisdiction and supervision over casinos and electronic gaming facilities as

the Board has over riverboats, including, but not limited to, the power to (i) investigate, review, and approve contracts as that power is applied to riverboats, (ii) adopt rules for administering the provisions of this Act or the Chicago Casino Development Authority Act, (iii) adopt standards for the licensing of all persons involved with a casino or electronic gaming facility, (iv) investigate alleged violations of this Act by any person involved with a casino or electronic gaming facility, and (v) require that records, including financial or other statements of any casino or electronic gaming facility, shall be kept in such manner as prescribed by the Board.

(23) To supervise and regulate the Chicago Casino Development Authority in accordance with the Chicago Casino Development Authority Act and the provisions of this Act.

(24) (21) To take any other action as may be reasonable or appropriate to enforce this Act , the Chicago Casino Development Authority Act, and the rules adopted by the Board under both Acts and regulations hereunder.

All Board powers enumerated in this Section in relation to licensees shall apply equally to the holder of any casino management contract entered into pursuant to the Chicago Casino Development Authority Act.

(d) The Board may seek and shall receive the cooperation of the Department of State Police in conducting background investigations of applicants and in fulfilling its responsibilities under this Section. Costs incurred by the Department of State Police as a result of such cooperation shall be paid by the Board in conformance with the requirements of Section 2605-400 of the Department of State Police Law (20 ILCS 2605/2605-400).

(e) The Board must authorize to each investigator and to any other employee of the Board exercising the powers of a peace officer a distinct badge that, on its face, (i) clearly states that the badge is authorized by the Board and (ii) contains a unique identifying number. No other badge shall be authorized by the Board.

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1392, eff. 1-1-11.)

(230 ILCS 10/5.1) (from Ch. 120, par. 2405.1)

Sec. 5.1. Disclosure of records.

(a) Notwithstanding any applicable statutory provision to the contrary, the Board shall, on written request from any person, provide information furnished by an applicant or licensee concerning the applicant or licensee, his products, services or gambling enterprises and his business holdings, as follows:

(1) The name, business address and business telephone number of any applicant or licensee.

(2) An identification of any applicant or licensee including, if an applicant or licensee is not an individual, the names and addresses of all stockholders and directors, if the entity is a corporation; the names and addresses of all members, if the entity is a limited liability company; the names and addresses of all partners, both general and limited, if the entity is a partnership; and the names and addresses of all beneficiaries, if the entity is a trust ~~the state of incorporation or registration, the corporate officers, and the identity of all shareholders or participants.~~ If an applicant or licensee has a pending registration statement filed with the Securities and Exchange Commission, only the names of those persons or entities holding interest of 5% or more must be provided.

(3) An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant or licensee or an applicant's or licensee's spouse or children has an equity interest of more than 1%. If an applicant or licensee is a corporation, partnership or other business entity, the applicant or licensee shall identify any other corporation, partnership or business entity in which it has an equity interest of 1% or more, including, if applicable, the state of incorporation or registration. This information need not be provided by a corporation, partnership or other business entity that has a pending registration statement filed with the Securities and Exchange Commission.

(4) Whether an applicant or licensee has been indicted, convicted, pleaded guilty or nolo contendere, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor (except for traffic violations), including the date, the name and location of the court, arresting agency and prosecuting agency, the case number, the offense, the disposition and the location and length of incarceration.

(5) Whether an applicant or licensee has had any license or certificate issued by a licensing authority in Illinois or any other jurisdiction denied, restricted, suspended, revoked or not renewed and a statement describing the facts and circumstances concerning the denial, restriction, suspension, revocation or non-renewal, including the licensing authority, the date each such action was taken, and the reason for each such action.

(6) Whether an applicant or licensee has ever filed or had filed against it a proceeding in bankruptcy or has ever been involved in any formal process to adjust, defer, suspend or otherwise work out the payment of any debt including the date of filing, the name and location of the court, the case and number of the disposition.

(7) Whether an applicant or licensee has filed, or been served with a complaint or other notice filed with any public body, regarding the delinquency in the payment of, or a dispute over the filings concerning the payment of, any tax required under federal, State or local law, including the amount, type of tax, the taxing agency and time periods involved.

(8) A statement listing the names and titles of all public officials or officers of any unit of government, and relatives of said public officials or officers who, directly or indirectly, own any financial interest in, have any beneficial interest in, are the creditors of or hold any debt instrument issued by, or hold or have any interest in any contractual or service relationship with, an applicant or licensee.

(9) Whether an applicant or licensee has made, directly or indirectly, any political contribution, or any loans, donations or other payments, to any candidate or office holder, within 5 years from the date of filing the application, including the amount and the method of payment.

(10) The name and business telephone number of the counsel representing an applicant or licensee in matters before the Board.

(11) A description of any proposed or approved riverboat or casino gaming or electronic gaming operation, including

the type of boat, home dock or casino or electronic gaming location, expected economic benefit to the community, anticipated or actual number of employees, any statement from an applicant or licensee regarding compliance with federal and State affirmative action guidelines, projected or actual admissions and projected or actual adjusted gross gaming receipts.

(12) A description of the product or service to be supplied by an applicant for a supplier's license.

(b) Notwithstanding any applicable statutory provision to the contrary, the Board shall, on written request from any person, also provide the following information:

(1) The amount of the wagering tax and admission tax paid daily to the State of Illinois by the holder of an owner's license.

(2) Whenever the Board finds an applicant for an owner's license unsuitable for licensing, a copy of the written letter outlining the reasons for the denial.

(3) Whenever the Board has refused to grant leave for an applicant to withdraw his application, a copy of the letter outlining the reasons for the refusal.

(c) Subject to the above provisions, the Board shall not disclose any information which would be barred by:

(1) Section 7 of the Freedom of Information Act; or

(2) The statutes, rules, regulations or intergovernmental agreements of any jurisdiction.

(d) The Board may assess fees for the copying of information in accordance with Section 6 of the Freedom of Information Act.

(Source: P.A. 96-1392, eff. 1-1-11.)

(230 ILCS 10/5.3 new)

Sec. 5.3. Ethical conduct.

(a) Officials and employees of the corporate authority of a host community must carry out their duties and responsibilities in such a manner as to promote and preserve public trust and confidence in the integrity and conduct of gaming.

(b) Officials and employees of the corporate authority of a host community shall not use or attempt to use his or her official position to secure or attempt to secure any privilege, advantage, favor, or influence for himself or herself or others.

(c) Officials and employees of the corporate authority of a host community may not have a financial interest, directly or indirectly, in his or her own name or in the name of any other person, partnership, association, trust, corporation, or other entity in any contract or subcontract for the performance of any work for a riverboat or casino that is located in the host community. This prohibition shall extend to the holding or acquisition of an interest in any entity identified by Board action that, in the Board's judgment, could represent the potential for or the appearance of a financial interest. The holding or acquisition of an interest in such entities through an indirect means, such as through a mutual fund, shall not be prohibited, except that the Board may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of

interest.

(d) Officials and employees of the corporate authority of a host community may not accept any gift, gratuity, service, compensation, travel, lodging, or thing of value, with the exception of unsolicited items of an incidental nature, from any person, corporation, or entity doing business with the riverboat or casino that is located in the host community.

(e) Officials and employees of the corporate authority of a host community shall not, during the period that the person is an official or employee of the corporate authority or for a period of 2 years immediately after leaving such office, knowingly accept employment or receive compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the riverboat or casino that is located in the host community that resulted in contracts with an aggregate value of at least \$25,000 or if that official or employee has made a decision that directly applied to the person or entity, or its parent or affiliate.

(f) A spouse, child, or parent of an official or employee of the corporate authority of a host community may not have a financial interest, directly or indirectly, in his or her own name or in the name of any other person, partnership, association, trust, corporation, or other entity in any contract or subcontract for the performance of any work for a riverboat or casino in the host community. This prohibition shall extend to the holding or acquisition of an interest in any entity identified by Board action that, in the judgment of the Board, could represent the potential for or the appearance of a conflict of interest. The holding or acquisition of an interest in such entities through an indirect means, such as through a mutual fund, shall not be prohibited, except that the Board may identify specific investments or funds that, in its judgment, are so influenced by gaming holdings as to represent the potential for or the appearance of a conflict of interest.

(g) A spouse, child, or parent of an official or employee of the corporate authority of a host community may not accept any gift, gratuity, service, compensation, travel, lodging, or thing of value, with the exception of unsolicited items of an incidental nature, from any person, corporation, or entity doing business with the riverboat or casino that is located in the host community.

(h) A spouse, child, or parent of an official or employee of the corporate authority of a host community may not, during the period that the person is an official of the corporate authority or for a period of 2 years immediately after leaving such office or employment, knowingly accept employment or receive compensation or fees for services from a person or entity, or its parent or affiliate, that has engaged in business with the riverboat or casino that is located in the host community that resulted in contracts with an aggregate value of at least \$25,000 or if that official or employee has made a decision that directly applied to the person or entity, or its parent or affiliate.

(i) Officials and employees of the corporate authority of a host community shall not attempt, in any way, to influence any person or corporation doing business with the riverboat or casino that is located in the host community or any officer, agent, or employee thereof to hire or contract with any person or corporation for any compensated work.

(j) Any communication between an official of the corporate authority of a host community and any applicant for an owners license in the host community, or an officer, director, or employee of a riverboat or casino in the host community, concerning any matter relating in any way to gaming shall be disclosed to the Board. Such disclosure shall be in writing by the official within 30 days after the communication and shall be filed with the Board. Disclosure must consist of the date of the communication, the identity and job title of the person with whom the communication was made, a brief summary of the communication, the action requested or recommended, all responses made, the identity and job title of the person making the response, and any other pertinent information. Public disclosure of the written summary provided to the Board and the Gaming Board shall be subject to the exemptions provided under the Freedom of Information Act.

(k) Any official or employee who violates any provision of this Section is guilty of a Class 4 felony.

(l) For purposes of this Section, "host community" or "host municipality" means a unit of local government that contains a riverboat or casino within its borders, but does not include the City of Chicago or the Chicago Casino Development Authority.

(230 ILCS 10/6) (from Ch. 120, par. 2406)

Sec. 6. Application for Owners License.

(a) A qualified person may apply to the Board for an owners license to conduct a riverboat gambling operation as provided in this Act. The application shall be made on forms provided by the Board and shall contain such information as the Board prescribes, including but not limited to the identity of the riverboat on which such gambling operation is to be conducted, if applicable, and the exact location where such riverboat or casino will be located ~~doeekd~~, a certification that the riverboat will be registered under this Act at all times during which gambling operations are conducted on board, detailed

[March 6, 2013]

information regarding the ownership and management of the applicant, and detailed personal information regarding the applicant. Any application for an owners license to be re-issued on or after June 1, 2003 shall also include the applicant's license bid in a form prescribed by the Board. Information provided on the application shall be used as a basis for a thorough background investigation which the Board shall conduct with respect to each applicant. An incomplete application shall be cause for denial of a license by the Board.

(a-5) In addition to any other information required under this Section, each application for an owners license must include the following information:

(1) The history and success of the applicant and each person and entity disclosed under subsection (c) of this Section in developing tourism facilities ancillary to gaming, if applicable.

(2) The likelihood that granting a license to the applicant will lead to the creation of quality, living wage jobs and permanent, full-time jobs for residents of the State and residents of the unit of local government that is designated as the home dock of the proposed facility where gambling is to be conducted by the applicant.

(3) The projected number of jobs that would be created if the license is granted and the projected number of new employees at the proposed facility where gambling is to be conducted by the applicant.

(4) The record, if any, of the applicant and its developer in meeting commitments to local agencies, community-based organizations, and employees at other locations where the applicant or its developer has performed similar functions as they would perform if the applicant were granted a license.

(5) Identification of adverse effects that might be caused by the proposed facility where gambling is to be conducted by the applicant, including the costs of meeting increased demand for public health care, child care, public transportation, affordable housing, and social services, and a plan to mitigate those adverse effects.

(6) The record, if any, of the applicant and its developer regarding compliance with:

(A) federal, state, and local discrimination, wage and hour, disability, and occupational and environmental health and safety laws; and

(B) state and local labor relations and employment laws.

(7) The applicant's record, if any, in dealing with its employees and their representatives at other locations.

(8) A plan concerning the utilization of minority-owned and female-owned businesses and concerning the hiring of minorities and females.

(9) Evidence the applicant used its best efforts to reach a goal of 25% ownership representation by minority persons and 5% ownership representation by females.

(b) Applicants shall submit with their application all documents, resolutions, and letters of support from the governing body that represents the municipality or county wherein the licensee will be located dock.

(c) Each applicant shall disclose the identity of every person or entity ~~association, trust or corporation~~ having a greater than 1% direct or indirect pecuniary interest in the riverboat ~~riverboat~~ gambling operation with respect to which the license is sought. If the disclosed entity is a trust, the application shall disclose the names and addresses of all ~~the~~ beneficiaries; if a corporation, the names and addresses of all stockholders and directors; if a partnership, the names and addresses of all partners, both general and limited.

(d) An application shall be filed and considered in accordance with the rules of the Board. Each application shall be accompanied by a non-refundable ~~An~~ application fee of \$100,000. In addition, a non-refundable fee of \$50,000 shall be paid at the time of filing to defray the costs associated with the background investigation conducted by the Board. If the costs of the investigation exceed \$50,000, the applicant shall pay the additional amount to the Board within 7 days after requested by the Board. If the costs of the investigation are less than \$50,000, the applicant shall receive a refund of the remaining amount. All information, records, interviews, reports, statements, memoranda or other data supplied to or used by the Board in the course of its review or investigation of an application for a license or a renewal under this Act shall be privileged, strictly confidential and shall be used only for the purpose of evaluating an applicant for a license or a renewal. Such information, records, interviews, reports, statements, memoranda or other data shall not be admissible as evidence, nor discoverable in any action of any kind in any court or before any tribunal, board, agency or person, except for any action deemed necessary by the Board. The application fee shall be deposited into the Gaming Facilities Fee Revenue Fund.

(e) The Board shall charge each applicant a fee set by the Department of State Police to defray the costs associated with the search and classification of fingerprints obtained by the Board with respect to the applicant's application. These fees shall be paid into the State Police Services Fund.

(f) The licensed owner shall be the person primarily responsible for the boat or casino itself. Only one ~~riverboat~~ gambling operation may be authorized by the Board on any riverboat or in any casino. The applicant must identify the each riverboat or premises it intends to use and certify that the riverboat or premises: (1) has the authorized capacity required in this Act; (2) is accessible to disabled persons; and (3) is fully registered and licensed in accordance with any applicable laws.

(g) A person who knowingly makes a false statement on an application is guilty of a Class A misdemeanor.

(Source: P.A. 96-1392, eff. 1-1-11.)

(230 ILCS 10/7) (from Ch. 120, par. 2407)

Sec. 7. Owners Licenses.

(a) The Board shall issue owners licenses to persons or entities, ~~firms or corporations~~ which apply for such licenses upon payment to the Board of the non-refundable license fee as provided in subsection (e) or (e-5) set by the Board, upon payment of a \$25,000 license fee for the first year of operation and a \$5,000 license fee for each succeeding year and upon a determination by the Board that the applicant is eligible for an owners license pursuant to this Act, the Chicago Casino Development Authority Act, and the rules of the Board. From the effective date of this amendatory Act of the 95th General Assembly until (i) 3 years after the effective date of this amendatory Act of the 95th General Assembly, (ii) the date any organization licensee begins to operate a slot machine or video game of chance under the Illinois Horse Racing Act of 1975 or this Act, (iii) the date that payments begin under subsection (c-5) of Section 13 of the Act, ~~or~~ (iv) the wagering tax imposed under Section 13 of this Act is increased by law to reflect a tax rate that is at least as stringent or more stringent than the tax rate contained in subsection (a-3) of Section 13, or (v) when an owners licensee holding a license issued pursuant to Section 7.1 of this Act begins conducting gaming, whichever occurs first, as a condition of licensure and as an alternative source of payment for those funds payable under subsection (c-5) of Section 13 of this the Riverboat Gambling Act, any owners licensee that holds or receives its owners license on or after the effective date of this amendatory Act of the 94th General Assembly, other than an owners licensee operating a riverboat with adjusted gross receipts in calendar year 2004 of less than \$200,000,000, must pay into the Horse Racing Equity Trust Fund, in addition to any other payments required under this Act, an amount equal to 3% of the adjusted gross receipts received by the owners licensee. The payments required under this Section shall be made by the owners licensee to the State Treasurer no later than 3:00 o'clock p.m. of the day after the day when the adjusted gross receipts were received by the owners licensee. A person, firm or corporation is ineligible to receive an owners license if:

(1) the person has been convicted of a felony under the laws of this State, any other state, or the United States;

(2) the person has been convicted of any violation of Article 28 of the Criminal Code of 1961 or the Criminal Code of 2012, or substantially similar laws of any other jurisdiction;

(3) the person has submitted an application for a license under this Act or the Chicago Casino Development Authority Act which contains false information;

(4) the person is a member of the Board;

(5) a person defined in (1), (2), (3) or (4) is an officer, director or managerial employee of the firm or corporation;

(6) the firm or corporation employs a person defined in (1), (2), (3) or (4) who participates in the management or operation of gambling operations authorized under this Act or the Chicago Casino Development Authority Act;

(7) (blank); or

(8) a license of the person, firm or corporation issued under this Act or the Chicago Casino Development Authority Act, or a license to own or operate gambling facilities in any other jurisdiction, has been revoked.

The Board is expressly prohibited from making changes to the requirement that licensees make payment into the Horse Racing Equity Trust Fund without the express authority of the Illinois General Assembly and making any other rule to implement or interpret this amendatory Act of the 95th General Assembly. For the purposes of this paragraph, "rules" is given the meaning given to that term in Section 1-70 of the Illinois Administrative Procedure Act.

(a-1) Upon approval of the members of the Chicago Casino Development Board, the Chicago Casino Development Authority's executive director, and the Chicago casino operator licensee, the Board shall issue an owners license to the Chicago Casino Development Authority that authorizes the conduct of gambling operations in a casino or in an airport located in the City of Chicago.

(b) In determining whether to grant an owners license to an applicant other than the Chicago Casino

Development Authority, the Board shall consider:

- (1) the character, reputation, experience and financial integrity of the applicants and of any other or separate person that either:
 - (A) controls, directly or indirectly, such applicant, or
 - (B) is controlled, directly or indirectly, by such applicant or by a person which controls, directly or indirectly, such applicant;
 - (2) the facilities or proposed facilities for the conduct of ~~riverboat~~ gambling;
 - (3) the highest prospective total revenue to be derived by the State from the conduct of ~~riverboat~~ gambling;
 - (4) the extent to which the ownership of the applicant reflects the diversity of the State by including minority persons, females, and persons with a disability and the good faith affirmative action plan of each applicant to recruit, train and upgrade minority persons, females, and persons with a disability in all employment classifications;
 - (5) the financial ability of the applicant to purchase and maintain adequate liability and casualty insurance;
 - (6) whether the applicant has adequate capitalization to provide and maintain, for the duration of a license, a riverboat or casino;
 - (7) the extent to which the applicant exceeds or meets other standards for the issuance of an owners license which the Board may adopt by rule; ~~and~~
 - (8) ~~the~~ The amount of the applicant's license bid ; -
 - (9) the extent to which the applicant or the proposed host municipality plans to enter into revenue sharing agreements with communities other than the host municipality; and
 - (10) the extent to which the ownership of an applicant includes the most qualified number of minority persons, females, and persons with a disability.
- (c) Each owners license shall specify the place where ~~the casino riverboats~~ shall operate or the riverboat shall operate and dock.
- (d) Each applicant shall submit with his application, on forms provided by the Board, 2 sets of his fingerprints.
- (e) In addition to any licenses authorized under subsection (e-5) of this Section, the ~~The~~ Board may issue up to 10 licenses authorizing the holders of such licenses to own riverboats. In the application for an owners license, the applicant shall state the dock at which the riverboat is based and the water on which the riverboat will be located. The Board shall issue 5 licenses to become effective not earlier than January 1, 1991. Three of such licenses shall authorize riverboat gambling on the Mississippi River, or, with approval by the municipality in which the riverboat was docked on August 7, 2003 and with Board approval, be authorized to relocate to a new location, in a municipality that (1) borders on the Mississippi River or is within 5 miles of the city limits of a municipality that borders on the Mississippi River and (2), on August 7, 2003, had a riverboat conducting riverboat gambling operations pursuant to a license issued under this Act; one of which shall authorize riverboat gambling from a home dock in the city of East St. Louis. One other license shall authorize riverboat gambling on the Illinois River in Tazewell County or, with Board approval, shall authorize the riverboat to relocate to a new location that is no more than 10 miles away from its original location, in a municipality that (1) borders on the Illinois River or is within 5 miles of the city limits of a municipality that borders on the Illinois River and (2) on January 1, 2010, had a riverboat conducting riverboat gambling operations pursuant to a license issued under this Act south of Marshall County. The Board shall issue one additional license to become effective not earlier than March 1, 1992, which shall authorize riverboat gambling on the Des Plaines River in Will County. The Board may issue 4 additional licenses to become effective not earlier than March 1, 1992. In determining the water upon which riverboats will operate, the Board shall consider the economic benefit which riverboat gambling confers on the State, and shall seek to assure that all regions of the State share in the economic benefits of riverboat gambling.
- In granting all licenses, the Board may give favorable consideration to economically depressed areas of the State, to applicants presenting plans which provide for significant economic development over a large geographic area, and to applicants who currently operate non-gambling riverboats in Illinois. The Board shall review all applications for owners licenses, and shall inform each applicant of the Board's decision. The Board may grant an owners license to an applicant that has not submitted the highest license bid, but if it does not select the highest bidder, the Board shall issue a written decision explaining why another applicant was selected and identifying the factors set forth in this Section that favored the winning bidder. The fee for issuance or renewal of a license pursuant to this subsection (e) shall be \$100,000.
- (e-5) In addition to licenses authorized under subsection (e) of this Section:

[March 6, 2013]

(1) the Board shall issue one owners license authorizing the conduct of casino gambling in the City of Chicago;

(2) the Board may issue one owners license authorizing the conduct of riverboat gambling in the City of Danville;

(3) the Board may issue one owners license authorizing the conduct of riverboat gambling located in one of the following municipalities in Lake County: Park City, North Chicago, or Waukegan;

(4) the Board may issue one owners license authorizing the conduct of riverboat gambling in the City of Rockford; and

(5) the Board may issue one owners license authorizing the conduct of riverboat gambling in a municipality that is located in one of the following townships of Cook County: Bloom, Bremen, Calumet, Rich, Thornton, or Worth Township.

Each application for a license pursuant to this subsection (e-5) shall be submitted to the Board no later than 6 months after the effective date of this amendatory Act of the 98th General Assembly and shall include the non-refundable application fee and the non-refundable background investigation fee as provided in subsection (d) of Section 6 of this Act. In the event that an applicant submits an application for a license pursuant to this subsection (e-5) prior to the effective date of this amendatory Act of the 98th General Assembly, such applicant shall submit the non-refundable application fee and background investigation fee as provided in subsection (d) of Section 6 of this Act no later than 6 months after the effective date of this amendatory Act of the 98th General Assembly.

The Board shall consider issuing a license pursuant to paragraphs (2) through (5) of this subsection only after the corporate authority of the municipality in which the riverboat shall be located has certified to the Board the following:

(i) that the applicant has negotiated with the corporate authority in good faith;

(ii) that the applicant and the corporate authority have mutually agreed on the permanent location of the riverboat;

(iii) that the applicant and the corporate authority have mutually agreed on the temporary location of the riverboat;

(iv) that the applicant and the corporate authority have mutually agreed on the percentage of revenues that will be shared with the municipality, if any; and

(v) that the applicant and the corporate authority have mutually agreed on any zoning, licensing, public health, or other issues that are within the jurisdiction of the municipality.

At least 7 days before the corporate authority of a municipality submits a certification to the Board concerning items (i) through (v) of this subsection, it shall hold a public hearing to discuss items (i) through (v), as well as any other details concerning the proposed riverboat in the municipality. The corporate authority must subsequently memorialize the details concerning the proposed riverboat or casino in a resolution that must be adopted by a majority of the corporate authority before any certification is sent to the Board. The Board shall not alter, amend, change, or otherwise interfere with any agreement between the applicant and the corporate authority of the municipality regarding the location of any temporary or permanent facility.

(e-10) The licenses authorized under subsection (e-5) of this Section shall be issued within 12 months after the date the license application is submitted. If the Board does not issue the licenses within that time period, then the Board shall give a written explanation to the applicant as to why it has not reached a determination. The Board shall issue the license within 6 months after giving the written explanation to the applicant. The fee for the issuance or renewal of a license issued pursuant to this subsection (e-10) shall be \$100,000. Additionally, a licensee located outside of Cook County shall pay a minimum initial fee of \$17,500 per gaming position, and a licensee located in Cook County shall pay a minimum initial fee of \$30,000 per gaming position. The initial fees payable under this subsection (e-10) shall be deposited into the Gaming Facilities Fee Revenue Fund.

(e-15) Each licensee of a license authorized under subsection (e-5) of this Section shall make a reconciliation payment 3 years after the date the licensee begins operating in an amount equal to 75% of the adjusted gross receipts for the most lucrative 12-month period of operations, minus an amount equal to the initial payment per gaming position paid by the specific licensee. If this calculation results in a negative amount, then the licensee is not entitled to any reimbursement of fees previously paid. This reconciliation payment may be made in installments over a period of no more than 2 years, subject to Board approval. Any installment payments shall include an annual market interest rate as determined by the Board. All payments by licensees under this subsection (e-15) shall be deposited into the Gaming Facilities Fee Revenue Fund.

(e-20) In addition to any other revocation powers granted to the Board under this Act, the Board may revoke the owners license of a licensee, other than the Chicago Casino Development Authority, which

fails to begin conducting gambling within 15 months of receipt of the Board's approval of the application if the Board determines that license revocation is in the best interests of the State.

(f) The first 10 owners licenses issued under this Act shall permit the holder to own up to 2 riverboats and equipment thereon for a period of 3 years after the effective date of the license. Holders of the first 10 owners licenses must pay the annual license fee for each of the 3 years during which they are authorized to own riverboats.

(g) Upon the termination, expiration, or revocation of each of the first 10 licenses, which shall be issued for a 3 year period, all licenses are renewable annually upon payment of the fee and a determination by the Board that the licensee continues to meet all of the requirements of this Act and the Board's rules. However, for licenses renewed on or after May 1, 1998, including casino operator licenses, renewal shall be for a period of 4 years, unless the Board sets a shorter period. Notwithstanding any provision in this subsection (g) to the contrary, any license that is awarded to the Chicago Casino Development Authority shall not expire, but it shall be subject to the provisions of this Act and the rules of the Board.

(h) An owners license, except for an owners license issued under subsection (e-5) of this Section, shall entitle the licensee to own up to 2 riverboats.

An owners licensee of a casino or riverboat that is located in the City of Chicago pursuant to paragraph (1) of subsection (e-5) of this Section shall limit the number of gaming positions to 4,000 for such owner. All other owners licensees A-licensee shall limit the number of gaming positions gambling participants to 1,200 for any such owners license , except as further provided in subsection (h-10) of this Section. The initial fee for each gaming position obtained on or after the effective date of this amendatory Act of the 98th General Assembly shall be a minimum of \$17,500 for licensees not located in Cook County and a minimum of \$30,000 for licensees located in Cook County, in addition to the reconciliation payment, as set forth in subsections (e-15) or (h-5) of this Section.

Each owners licensee shall reserve its gaming positions within 90 days after issuance of its owners license. The Board may grant an extension to this 90-day period, provided that the owners licensee submits a written request and explanation as to why it is unable to reserve its positions within the 90-day period.

A licensee may operate both of its riverboats concurrently, provided that the total number of gaming positions gambling participants on both riverboats does not exceed the limit established pursuant to this subsection and subsection (h-10) of this Section ~~1,200~~. Riverboats licensed to operate on the Mississippi River and the Illinois River south of Marshall County shall have an authorized capacity of at least 500 persons. Any other riverboat licensed under this Act shall have an authorized capacity of at least 400 persons.

(h-5) An owners licensee who conducted gambling operations prior to January 1, 2012 and purchases positions pursuant to subsection (h-10) of this Section on or after the effective date of this amendatory Act of the 98th General Assembly must pay a minimum initial fee of \$17,500 per gaming position if the licensee is located outside Cook County and a minimum initial fee of \$30,000 per gaming position if the licensee is located in Cook County, as stated in subsection (h) of this Section. These initial fees shall be deposited into the Gaming Facilities Fee Revenue Fund. Additionally, that owners licensee shall make a reconciliation payment 3 years after any additional gaming positions obtained pursuant to subsection (h-10) begin operating in an amount equal to 75% of the owners licensee's average gross receipts for the most lucrative 12-month period of operations minus an amount equal to the initial fee that the owners licensee paid per additional gaming position. For purposes of this subsection (h-5), "average gross receipts" means (i) the increase in adjusted gross receipts for the most lucrative 12-month period of operations over the adjusted gross receipts for 2013, multiplied by (ii) the percentage derived by dividing the number of additional gaming positions that an owners licensee had obtained pursuant to subsection (h-10) by the total number of gaming positions operated by the owners licensee. If this calculation results in a negative amount, then the owners licensee is not entitled to any reimbursement of fees previously paid. This reconciliation payment may be made in installments over a period of no more than 2 years, subject to Board approval. Any installment payments shall include an annual market interest rate as determined by the Board. These reconciliation payments shall be deposited into the Gaming Facilities Fee Revenue Fund.

(h-10) For owners licensees authorized under paragraphs (2) through (5) of subsection (e-5) of this Section, the application for such new owners licenses shall ask the applicants to stipulate in their applications the number of gaming positions each applicant would like to reserve, up to 1,200 gaming positions. Once the last winning applicant for each of these owners licenses has been selected by the Board, the Board shall publish the number of gaming positions reserved and unreserved by each winning applicant, shall accept requests for additional gaming positions from any winning applicants or owners

licensee who initially reserved 1,200 gaming positions, and shall allocate expeditiously the unreserved gaming positions to such requesting winning applicants or owners licensees in a manner to maximize revenue to the State. The Board may allocate any such unused gaming positions through a competitive bidding process pursuant to Section 7.5 of this Act.

In the event that not all of the unreserved gaming positions described in the first and second paragraphs of this subsection (h-10) were requested by owners licensees and applicants, then until there are no longer unreserved gaming positions, the Board periodically shall govern a process to allocate the unreserved gaming positions in a manner to maximize revenue to the State.

Unreserved gaming positions retained from and allocated to owners licensees by the Board pursuant to this subsection (h-10) shall not be allocated to electronic gaming licensees pursuant to subsection (e) of Section 7.6 of this Act.

(i) A licensed owner is authorized to apply to the Board for and, if approved therefor, to receive all licenses from the Board necessary for the operation of a riverboat or a casino, including a liquor license, a license to prepare and serve food for human consumption, and other necessary licenses. All use, occupation and excise taxes which apply to the sale of food and beverages in this State and all taxes imposed on the sale or use of tangible personal property apply to such sales aboard the riverboat or in the casino.

(j) The Board may issue or re-issue a license authorizing a riverboat to dock in a municipality or approve a relocation under Section 11.2 only if, prior to the issuance or re-issuance of the license or approval, the governing body of the municipality in which the riverboat will dock has by a majority vote approved the docking of riverboats in the municipality. The Board may issue or re-issue a license authorizing a riverboat to dock in areas of a county outside any municipality or approve a relocation under Section 11.2 only if, prior to the issuance or re-issuance of the license or approval, the governing body of the county has by a majority vote approved of the docking of riverboats within such areas.

(k) An owners licensee may conduct land-based gambling operations upon approval by the Board.

(l) An owners licensee may conduct gaming at a temporary facility pending the construction of a permanent facility or the remodeling or relocation of an existing facility to accommodate gaming participants for up to 24 months after the temporary facility begins to conduct gaming. Upon request by an owners licensee and upon a showing of good cause by the owners licensee, the Board shall extend the period during which the licensee may conduct gaming at a temporary facility by up to 12 months. The Board shall make rules concerning the conduct of gaming from temporary facilities.

(Source: P.A. 96-1392, eff. 1-1-11; 97-1150, eff. 1-25-13.)

(230 ILCS 10/7.3)

Sec. 7.3. State conduct of gambling operations.

(a) If, after reviewing each application for a re-issued license, the Board determines that the highest prospective total revenue to the State would be derived from State conduct of the gambling operation in lieu of re-issuing the license, the Board shall inform each applicant of its decision. The Board shall thereafter have the authority, without obtaining an owners license, to conduct casino or riverboat gambling operations as previously authorized by the terminated, expired, revoked, or nonrenewed license through a licensed manager selected pursuant to an open and competitive bidding process as set forth in Section 7.5 and as provided in Section 7.4.

(b) The Board may locate any casino or riverboat on which a gambling operation is conducted by the State in any home dock or other location authorized by Section 3(c) upon receipt of approval from a majority vote of the governing body of the municipality or county, as the case may be, in which the riverboat will dock.

(c) The Board shall have jurisdiction over and shall supervise all gambling operations conducted by the State provided for in this Act and the Chicago Casino Development Authority Act and shall have all powers necessary and proper to fully and effectively execute the provisions of this Act and the Chicago Casino Development Authority Act relating to gambling operations conducted by the State.

(d) The maximum number of owners licenses authorized under Section 7.7(e) shall be reduced by one for each instance in which the Board authorizes the State to conduct a casino or riverboat gambling operation under subsection (a) in lieu of re-issuing a license to an applicant under Section 7.1.

(Source: P.A. 93-28, eff. 6-20-03.)

(230 ILCS 10/7.5)

Sec. 7.5. Competitive Bidding. When the Board determines that (i) it will re-issue an owners license pursuant to an open and competitive bidding process, as set forth in Section 7.1, (ii) ~~or that~~ it will issue a managers license pursuant to an open and competitive bidding process, as set forth in Section 7.4, (iii) it will issue an owners license pursuant to an open and competitive bidding process, as set forth in Section 7.11, or (iv) it will allocate unused gaming positions pursuant to an open and competitive bidding

process, as set forth in subsection (h-10) of Section 7, the open and competitive bidding process shall adhere to the following procedures:

(1) The Board shall make applications for owners and managers licenses available to the public and allow a reasonable time for applicants to submit applications to the Board.

(2) During the filing period for owners or managers license applications, the Board may retain the services of an investment banking firm to assist the Board in conducting the open and competitive bidding process.

(3) After receiving all of the bid proposals, the Board shall open all of the proposals in a public forum and disclose the prospective owners or managers names, venture partners, if any, and, in the case of applicants for owners licenses, the locations of the proposed development sites.

(4) The Board shall summarize the terms of the proposals and may make this summary available to the public.

(5) The Board shall evaluate the proposals within a reasonable time and select no more than 3 final applicants to make presentations of their proposals to the Board.

(6) The final applicants shall make their presentations to the Board on the same day during an open session of the Board.

(7) As soon as practicable after the public presentations by the final applicants, the Board, in its discretion, may conduct further negotiations among the 3 final applicants. During such negotiations, each final applicant may increase its license bid or otherwise enhance its bid proposal. At the conclusion of such negotiations, the Board shall select the winning proposal. In the case of negotiations for an owners license, the Board may, at the conclusion of such negotiations, make the determination allowed under Section 7.3(a).

(8) Upon selection of a winning bid, the Board shall evaluate the winning bid within a reasonable period of time for licensee suitability in accordance with all applicable statutory and regulatory criteria.

(9) If the winning bidder is unable or otherwise fails to consummate the transaction, (including if the Board determines that the winning bidder does not satisfy the suitability requirements), the Board may, on the same criteria, select from the remaining bidders or make the determination allowed under Section 7.3(a).

(Source: P.A. 93-28, eff. 6-20-03.)

(230 ILCS 10/7.6 new)

Sec. 7.6. Electronic gaming.

(a) The General Assembly finds that the horse racing and riverboat gambling industries share many similarities and collectively comprise the bulk of the State's gaming industry. One feature common to both industries is that each is highly regulated by the State of Illinois. The General Assembly further finds, however, that despite their shared features each industry is distinct from the other in that horse racing is and continues to be intimately tied to Illinois' agricultural economy and is, at its core, a spectator sport. This distinction requires the General Assembly to utilize different methods to regulate and promote the horse racing industry throughout the State. The General Assembly finds that in order to promote live horse racing as a spectator sport in Illinois and the agricultural economy of this State, it is necessary to allow electronic gaming at Illinois race tracks as an ancillary use given the success of other states in increasing live racing purse accounts and improving the quality of horses participating in horse race meetings.

(b) The Illinois Gaming Board shall award one electronic gaming license to each person or entity having operating control of a race track that applies under Section 56 of the Illinois Horse Racing Act of 1975, subject to the application and eligibility requirements of this Section. Within 60 days after the effective date of this amendatory Act of the 98th General Assembly, a person or entity having operating control of a race track may submit an application for an electronic gaming license. The application shall be made on such forms as provided by the Board and shall contain such information as the Board prescribes, including, but not limited to, the identity of any race track at which electronic gaming will be conducted, detailed information regarding the ownership and management of the applicant, and detailed personal information regarding the applicant. The application shall specify the number of gaming positions the applicant intends to use and the place where the electronic gaming facility will operate. A person who knowingly makes a false statement on an application is guilty of a Class A misdemeanor.

Each applicant shall disclose the identity of every person or entity having a direct or indirect pecuniary interest greater than 1% in any race track with respect to which the license is sought. If the disclosed entity is a corporation, the applicant shall disclose the names and addresses of all stockholders and directors. If the disclosed entity is a limited liability company, the applicant shall disclose the names and addresses of all members and managers. If the disclosed entity is a partnership, the applicant shall disclose the names and addresses of all partners, both general and limited. If the disclosed entity is a

trust, the applicant shall disclose the names and addresses of all beneficiaries.

An application shall be filed and considered in accordance with the rules of the Board. Each application for an electronic gaming license shall include a non-refundable application fee of \$100,000. In addition, a non-refundable fee of \$50,000 shall be paid at the time of filing to defray the costs associated with background investigations conducted by the Board. If the costs of the background investigation exceed \$50,000, the applicant shall pay the additional amount to the Board within 7 days after a request by the Board. If the costs of the investigation are less than \$50,000, the applicant shall receive a refund of the remaining amount. All information, records, interviews, reports, statements, memoranda, or other data supplied to or used by the Board in the course of this review or investigation of an applicant for an electronic gaming license under this Act shall be privileged and strictly confidential and shall be used only for the purpose of evaluating an applicant for an electronic gaming license or a renewal. Such information, records, interviews, reports, statements, memoranda, or other data shall not be admissible as evidence nor discoverable in any action of any kind in any court or before any tribunal, board, agency or person, except for any action deemed necessary by the Board. The application fee shall be deposited into the Gaming Facilities Fee Revenue Fund.

Each applicant shall submit with his or her application, on forms provided by the Board, 2 sets of his or her fingerprints. The Board shall charge each applicant a fee set by the Department of State Police to defray the costs associated with the search and classification of fingerprints obtained by the Board with respect to the applicant's application. This fee shall be paid into the State Police Services Fund.

(c) The Board shall determine within 120 days after receiving an application for an electronic gaming license, whether to grant an electronic gaming license to the applicant. If the Board does not make a determination within that time period, then the Board shall give a written explanation to the applicant as to why it has not reached a determination and when it reasonably expects to make a determination.

The electronic gaming licensee shall purchase up to the amount of electronic gaming positions authorized under this Act within 120 days after receiving its electronic gaming license. If an electronic gaming licensee is prepared to purchase the electronic gaming positions, but is temporarily prohibited from doing so by order of a court of competent jurisdiction or the Board, then the 120-day period is tolled until a resolution is reached.

An electronic gaming license shall authorize its holder to conduct electronic gaming at its race track at the following times:

(1) On days when it conducts live racing at the track where its electronic gaming facility is located, from 8:00 a.m. until 3:00 a.m. on the following day.

(2) On days when it is scheduled to conduct simulcast wagering on races run in the United States, from 8:00 a.m. until 3:00 a.m. on the following day.

Additionally, the Board may extend these days of operation and hours upon request by an organization licensee as the Board sees fit.

A license to conduct electronic gaming and any renewal of an electronic gaming license shall authorize electronic gaming for a period of 4 years. The fee for the issuance or renewal of an electronic gaming license shall be \$100,000.

(d) To be eligible to conduct electronic gaming, a person, firm, or corporation having operating control of a race track must (i) obtain an electronic gaming license, (ii) hold an organization license under the Illinois Horse Racing Act of 1975, (iii) hold an inter-track wagering license, (iv) pay an initial fee of \$30,000 per gaming position from electronic gaming licensees where electronic gaming is conducted in Cook County and \$17,500 for electronic gaming licensees where electronic gaming is located outside of Cook County before beginning to conduct electronic gaming plus make the reconciliation payment required under subsection (i), (v) conduct at least 240 live races at each track per year or for a licensee that is only authorized 350 gaming positions pursuant to subsection (d) of Section 7.6 of this Act, 96 live races per year until such time as the total number of gaming positions is increased to 900, (vi) meet the requirements of subsection (a) of Section 56 of the Illinois Horse Racing Act of 1975, (vii) for organization licensees conducting standardbred race meetings that had an open backstretch in 2009, keep backstretch barns and dormitories open and operational year-round unless a lesser schedule is mutually agreed to by the organization licensee and the horsemen's association racing at that organization licensee's race meeting, (viii) for organization licensees conducting thoroughbred race meetings, the organization licensee must maintain accident medical expense liability insurance coverage of \$1,000,000 for jockeys, and (ix) meet all other requirements of this Act that apply to owners licensees. Only those persons, firms, or corporations (or its successors or assigns) that had operating control of a race track and held an inter-track wagering license authorized by the Illinois Racing Board in 2009 are eligible.

An electronic gaming licensee may enter into a joint venture with a licensed owner to own, manage,

conduct, or otherwise operate the electronic gaming licensee's electronic gaming facilities, unless the electronic gaming licensee has a parent company or other affiliated company that is, directly or indirectly, wholly owned by a parent company that is also licensed to conduct electronic gaming, casino gaming, or their equivalent in another state.

All payments by licensees under this subsection (c) shall be deposited into the Gaming Facilities Fee Revenue Fund.

(e) A person or entity is ineligible to receive an owners license if:

(1) the person or entity has been convicted of a felony under the laws of this State, any other state, or the United States, including a conviction under the Racketeer Influenced and Corrupt Organizations Act;

(2) the person or entity has been convicted of any violation of Article 28 of the Criminal Code of 2012, or substantially similar laws of any other jurisdiction;

(3) the person or entity has submitted an application for a license under this Act that contains false information;

(4) the person is a member of the Board;

(5) a person defined in (1), (2), (3), or (4) of this subsection (e) is an officer, director, or managerial employee of the entity;

(6) the person or entity employs a person defined in (1), (2), (3), or (4) of this subsection (e) who participates in the management or operation of gambling operations authorized under this Act; or

(7) a license of the person or entity issued under this Act or a license to own or operate gambling facilities in any other jurisdiction has been revoked.

(f) The Board may approve electronic gaming positions statewide as provided in this Section. The authority to operate electronic gaming positions under this Section shall be allocated as follows: up to 1,200 gaming positions for any electronic gaming licensee in Cook County whose electronic gaming license originates with an organization licensee that conducted live racing in calendar year 2010; up to 900 gaming positions for any electronic gaming licensee outside of Cook County whose electronic gaming license originates with an organization licensee that conducted live racing in calendar year 2010; and up to 350 gaming positions for any electronic gaming licensee whose electronic gaming license originates with an organization licensee that did not conduct live racing in calendar year 2010, which shall increase to 900 gaming positions in the calendar year following the year in which the electronic gaming licensee conducts 96 live races.

(g) Each applicant for an electronic gaming license shall specify in its application for licensure the number of gaming positions it will operate, up to the applicable limitation set forth in subsection (f) of this Section. Any unreserved gaming positions that are not specified shall be forfeited and retained by the Board. For the purposes of this subsection (g), an electronic gaming licensee that did not conduct live racing in 2010 may reserve up to 900 positions and shall not be penalized under this Section for not operating those positions until it meets the requirements of subsection (f) of this Section, but such licensee shall not request unreserved gaming positions under this subsection (g) until its 900 positions are all operational.

Thereafter, the Board shall publish the number of unreserved electronic gaming positions and shall accept requests for additional positions from any electronic gaming licensee that initially reserved all of the positions that were offered. The Board shall allocate expeditiously the unreserved electronic gaming positions to requesting electronic gaming licensees in a manner that maximizes revenue to the State. The Board may allocate any such unused electronic gaming positions pursuant to an open and competitive bidding process, as provided under Section 7.5 of this Act. This process shall continue until all unreserved gaming positions have been purchased. All positions obtained pursuant to this process and all positions the electronic gaming licensee specified it would operate in its application must be in operation within 18 months after they were obtained or the electronic gaming licensee forfeits the right to operate those positions, but is not entitled to a refund of any fees paid. The Board may, after holding a public hearing, grant extensions so long as the electronic gaming licensee is working in good faith to make the positions operational. The extension may be for a period of 6 months. If, after the period of the extension, the electronic gaming licensee has not made the positions operational, then another public hearing must be held by the Board before it may grant another extension.

Unreserved gaming positions retained from and allocated to electronic gaming licensees by the Board pursuant to this subsection (g) shall not be allocated to owners licensees pursuant to subsection (h-10) of Section 7 of this Act.

For the purpose of this subsection (g), the unreserved gaming positions for each electronic gaming licensee shall be the applicable limitation set forth in subsection (f) of this Section, less the number of reserved gaming positions by such electronic gaming licensee, and the total unreserved gaming positions

shall be the aggregate of the unreserved gaming positions for all electronic gaming licensees.

(h) Subject to the approval of the Illinois Gaming Board, an electronic gaming licensee may make modification or additions to any existing buildings and structures to comply with the requirements of this Act. The Illinois Gaming Board shall make its decision after consulting with the Illinois Racing Board. In no case, however, shall the Illinois Gaming Board approve any modification or addition that alters the grounds of the organizational licensee such that the act of live racing is an ancillary activity to electronic gaming. Electronic gaming may take place in existing structures where inter-track wagering is conducted at the race track or a facility within 300 yards of the race track in accordance with the provisions of this Act and the Illinois Horse Racing Act of 1975.

(i) An electronic gaming licensee may conduct electronic gaming at a temporary facility pending the construction of a permanent facility or the remodeling or relocation of an existing facility to accommodate electronic gaming participants for up to 24 months after the temporary facility begins to conduct electronic gaming. Upon request by an electronic gaming licensee and upon a showing of good cause by the electronic gaming licensee, the Board shall extend the period during which the licensee may conduct electronic gaming at a temporary facility by up to 12 months. The Board shall make rules concerning the conduct of electronic gaming from temporary facilities.

Electronic gaming may take place in existing structures where inter-track wagering is conducted at the race track or a facility within 300 yards of the race track in accordance with the provisions of this Act and the Illinois Horse Racing Act of 1975. Any electronic gaming conducted at a permanent facility within 300 yards of the race track in accordance with this Act and the Illinois Horse Racing Act of 1975 shall have an all-weather egress connecting the electronic gaming facility and the race track facility or, on days and hours of live racing, a complimentary shuttle service between the permanent electronic gaming facility and the race track facility and shall not charge electronic gaming participants an additional admission fee to the race track facility.

(j) The Illinois Gaming Board must adopt emergency rules in accordance with Section 5-45 of the Illinois Administrative Procedure Act as necessary to ensure compliance with the provisions of this amendatory Act of the 98th General Assembly concerning electronic gaming. The adoption of emergency rules authorized by this subsection (j) shall be deemed to be necessary for the public interest, safety, and welfare.

(k) Each electronic gaming licensee who obtains electronic gaming positions must make a reconciliation payment 3 years after the date the electronic gaming licensee begins operating the positions in an amount equal to 75% of the difference between its adjusted gross receipts from electronic gaming and amounts paid to its purse accounts pursuant to item (1) of subsection (b) of Section 56 of the Illinois Horse Racing Act of 1975 for the 12-month period for which such difference was the largest, minus an amount equal to the initial per position fee paid by the electronic gaming licensee. If this calculation results in a negative amount, then the electronic gaming licensee is not entitled to any reimbursement of fees previously paid. This reconciliation payment may be made in installments over a period of no more than 2 years, subject to Board approval. Any installment payments shall include an annual market interest rate as determined by the Board.

All payments by licensees under this subsection (i) shall be deposited into the Gaming Facilities Fee Revenue Fund.

(l) As soon as practical after a request is made by the Illinois Gaming Board, to minimize duplicate submissions by the applicant, the Illinois Racing Board must provide information on an applicant for an electronic gaming license to the Illinois Gaming Board.

(m) Subject to the approval of the Illinois Gaming Board, an organization licensee that has received an electronic gaming license under this Act and has operating control of a race track facility located in Cook County may relocate its race track facility as follows:

(1) the organization licensee may relocate within a 3-mile radius of its existing race track facility so long as the organization licensee remains in Cook County and submits its plan to construct a new structure to conduct electronic gaming operations; and

(2) the organization licensee may not relocate within a 5-mile radius of a riverboat if the owners license was issued prior to December 31, 2011.

The relocation must include the race track facility, including the race track operations used to conduct live racing and the electronic gaming facility in its entirety. For the purposes of this subsection (m), "race track facility" means all operations conducted on the race track property for which it was awarded a license for pari-mutuel wagering and live racing in the year 2010, except for the real estate itself. The Illinois Gaming Board shall make its decision after consulting with the Illinois Racing Board, and any relocation application shall be subject to all of the provisions of this Act and the Illinois Horse Racing Act of 1975.

(230 ILCS 10/7.7 new)

Sec. 7.7. Home rule. The regulation and licensing of electronic gaming and electronic gaming licensees are exclusive powers and functions of the State. A home rule unit may not regulate or license electronic gaming or electronic gaming licensees. This Section is a denial and limitation of home rule powers and functions under subsection (h) of Section 6 of Article VII of the Illinois Constitution.

(230 ILCS 10/7.8 new)

Sec. 7.8. Casino operator license.

(a) A qualified person may apply to the Board for a casino operator license to operate and manage any gambling operation conducted by the Authority. The application shall be made on forms provided by the Board and shall contain such information as the Board prescribes, including but not limited to information required in Sections 6(a), (b), and (c) and information relating to the applicant's proposed price to manage the Authority's gambling operations and to provide the casino, gambling equipment, and supplies necessary to conduct Authority gambling operations. The application shall also include a non-refundable application fee of \$100,000. This application fee shall be deposited into the Gaming Facilities Fee Revenue Fund.

(b) A person, firm, or corporation is ineligible to receive a casino operator license if:

(1) the person has been convicted of a felony under the laws of this State, any other state, or the United States;

(2) the person has been convicted of any violation of Article 28 of the Criminal Code of 2012, or substantially similar laws of any other jurisdiction;

(3) the person has submitted an application for a license under this Act which contains false information;

(4) the person is a member of the Board or the Chicago Casino Development Board or the person is an official or employee of the Chicago Casino Development Authority or the City of Chicago;

(5) a person defined in (1), (2), (3), or (4) is an officer, director, or managerial employee of the firm or corporation;

(6) the firm or corporation employs a person defined in (1), (2), (3), or (4) who participates in the management or operation of gambling operations authorized under this Act; or

(7) a license of the person, firm, or corporation issued under this Act, or a license to own or operate gambling facilities in any other jurisdiction, has been revoked.

(c) In determining whether to grant a casino operator license, the Board shall consider:

(1) the character, reputation, experience and financial integrity of the applicants and of any other or separate person that either:

(A) controls, directly or indirectly, such applicant, or

(B) is controlled, directly or indirectly, by such applicant or by a person which controls, directly or indirectly, such applicant;

(2) the facilities or proposed facilities for the conduct of gambling;

(3) the preference of the municipality in which the licensee will operate;

(4) the extent to which the ownership of the applicant reflects the diversity of the State by including minority persons and females and the good faith affirmative action plan of each applicant to recruit, train, and upgrade minority persons and females in all employment classifications;

(5) the financial ability of the applicant to purchase and maintain adequate liability and casualty insurance;

(6) whether the applicant has adequate capitalization to provide and maintain, for the duration of a license, a casino; and

(7) the extent to which the applicant exceeds or meets other standards for the issuance of a managers license that the Board may adopt by rule.

(d) Each applicant shall submit with his or her application, on forms prescribed by the Board, 2 sets of his or her fingerprints. The Board shall charge each applicant a fee set by the Department of State Police to defray the costs associated with the search and classification of fingerprints obtained by the Board with respect to the applicant's application. This fee shall be paid into the State Police Services Fund.

(e) A person who knowingly makes a false statement on an application is guilty of a Class A misdemeanor.

(f) The Board shall charge each applicant a non-refundable fee of \$50,000 to defray the costs associated with the background investigation conducted by the Board. This fee shall be exclusive of any other fee or fees charged in connection with an application for and, if applicable, the issuance of, a casino operator license. If the costs of the investigation exceed \$50,000, the Board shall immediately notify the applicant of the additional amount owed, payment of which must be submitted to the Board within 7 days after such notification. All information, records, interviews, reports, statements,

memoranda, or other data supplied to or used by the Board in the course of its review or investigation of an application for a license or a renewal under this Act shall be privileged and strictly confidential, and shall be used only for the purpose of evaluating an applicant for a license or a renewal. Such information, records, interviews, reports, statements, memoranda, or other data shall not be admissible as evidence, nor discoverable in any action of any kind in any court or before any tribunal, board, agency, or person, except for any action deemed necessary by the Board.

(g) The casino operator license shall be issued only upon proof that the applicant has entered into a labor peace agreement with each labor organization that is actively engaged in representing and attempting to represent casino and hospitality industry workers in this State. The labor peace agreement must be a valid and enforceable agreement under 29 U.S.C. 185 that protects the city's and State's revenues from the operation of the casino facility by prohibiting the labor organization and its members from engaging in any picketing, work stoppages, boycotts, or any other economic interference with the casino facility for at least the first 5 years of the casino license and must cover all operations at the casino facility that are conducted by lessees or tenants or under management agreements.

(h) The casino operator license shall be for a term of 4 years, shall be renewable by the Board, and shall contain such terms and provisions as the Board deems necessary to protect or enhance the credibility and integrity of State gambling operations, achieve the highest prospective total revenue to the State, and otherwise serve the interests of the citizens of Illinois. The Board may revoke the license:

(1) for violation of any provision of this Act;

(2) for violation of any rules of the Board;

(3) for any cause which, if known to the Board, would have disqualified the applicant from receiving the license; or

(4) for any other just cause.

(230 ILCS 10/7.9 new)

Sec. 7.9. Diversity program.

(a) Each owners licensee, electronic gaming licensee, casino operator licensee, and suppliers licensee shall establish and maintain a diversity program to ensure non-discrimination in the award and administration of contracts. The programs shall establish goals of awarding not less than 20% of the annual dollar value of all contracts, purchase orders, or other agreements to minority owned businesses and 5% of the annual dollar value of all contracts to female owned businesses.

(b) Each owners licensee, electronic gaming licensee, casino operator licensee, and suppliers licensee shall establish and maintain a diversity program designed to promote equal opportunity for employment. The program shall establish hiring goals as the Board and each licensee determines appropriate. The Board shall monitor the progress of the gaming licensee's progress with respect to the program's goals.

(c) No later than May 31 of each year each licensee shall report to the Board the number of respective employees and the number of their respective employees who have designated themselves as members of a minority group and gender. In addition, all licensees shall submit a report with respect to the minority owned and female owned businesses program created in this Section to the Board.

(230 ILCS 10/7.10 new)

Sec. 7.10. Annual report on diversity.

(a) Each licensee that receives a license under Sections 7, 7.1, and 7.6 shall execute and file a report with the Board no later than December 31 of each year that shall contain, but not be limited to, the following information:

(i) a good faith affirmative action plan to recruit, train, and upgrade minority persons, females, and persons with a disability in all employment classifications;

(ii) the total dollar amount of contracts that were awarded to businesses owned by minority persons, females, and persons with a disability;

(iii) the total number of businesses owned by minority persons, females, and persons with a disability that were utilized by the licensee;

(iv) the utilization of businesses owned by minority persons, females, and persons with disabilities during the preceding year; and

(v) the outreach efforts used by the licensee to attract investors and businesses consisting of minority persons, females, and persons with a disability.

(b) The Board shall forward a copy of each licensee's annual reports to the General Assembly no later than February 1 of each year.

(230 ILCS 10/7.11 new)

Sec. 7.11. Issuance of new owners licenses.

(a) Except for the owners license issued to the Chicago Casino Development Authority, owners licenses newly authorized pursuant to this amendatory Act of the 98th General Assembly may be issued

by the Board to a qualified applicant pursuant to an open and competitive bidding process, as set forth in Section 7.5, and subject to the maximum number of authorized licenses set forth in subsection (e-5) of Section 7 of this Act.

(b) To be a qualified applicant, a person, firm, or corporation may not be ineligible to receive an owners license under subsection (a) of Section 7 of this Act and must submit an application for an owners license that complies with Section 6 of this Act.

(c) In determining whether to grant an owners license to an applicant, the Board shall consider all of the factors set forth in subsections (b) and (e-10) of Section 7 of this Act, as well as the amount of the applicant's license bid. The Board may grant the owners license to an applicant that has not submitted the highest license bid, but if it does not select the highest bidder, the Board shall issue a written decision explaining why another applicant was selected and identifying the factors set forth in subsections (b) and (e-10) of Section 7 of this Act that favored the winning bidder.

(230 ILCS 10/7.12 new)

Sec. 7.12. Environmental standards. All permanent casinos, riverboats, and electronic gaming facilities shall consist of buildings that are certified as meeting the U.S. Green Building Council's Leadership in Energy and Environmental Design standards. The provisions of this Section apply to a holder of an owners license, casino operator license, or electronic gaming license that (i) begins operations on or after January 1, 2013 or (ii) relocates its facilities on or after the effective date of this amendatory Act of the 98th General Assembly.

(230 ILCS 10/8) (from Ch. 120, par. 2408)

Sec. 8. Suppliers licenses.

(a) The Board may issue a suppliers license to such persons, firms or corporations which apply therefor upon the payment of a non-refundable application fee set by the Board, upon a determination by the Board that the applicant is eligible for a suppliers license and upon payment of a \$5,000 annual license fee.

(b) The holder of a suppliers license is authorized to sell or lease, and to contract to sell or lease, gambling equipment and supplies to any licensee involved in the ownership or management of gambling operations.

(c) Gambling supplies and equipment may not be distributed unless supplies and equipment conform to standards adopted by rules of the Board.

(d) A person, firm or corporation is ineligible to receive a suppliers license if:

(1) the person has been convicted of a felony under the laws of this State, any other state, or the United States;

(2) the person has been convicted of any violation of Article 28 of the Criminal Code of 1961 or the Criminal Code of 2012, or substantially similar laws of any other jurisdiction;

(3) the person has submitted an application for a license under this Act which contains false information;

(4) the person is a member of the Board;

(5) the firm or corporation is one in which a person defined in (1), (2), (3) or (4), is an officer, director or managerial employee;

(6) the firm or corporation employs a person who participates in the management or operation of riverboat gambling authorized under this Act or the Chicago Casino Development Authority Act;

(7) the license of the person, firm or corporation issued under this Act or the Chicago Casino Development Authority Act, or a license

to own or operate gambling facilities in any other jurisdiction, has been revoked.

(e) Any person that supplies any equipment, devices, or supplies to a licensed riverboat gambling operation or casino or electronic gaming operation must first obtain a suppliers license. A supplier shall furnish to the Board a list of all equipment, devices and supplies offered for sale or lease in connection with gambling games authorized under this Act. A supplier shall keep books and records for the furnishing of equipment, devices and supplies to gambling operations separate and distinct from any other business that the supplier might operate. A supplier shall file a quarterly return with the Board listing all sales and leases. A supplier shall permanently affix its name to all its equipment, devices, and supplies for gambling operations. Any supplier's equipment, devices or supplies which are used by any person in an unauthorized gambling operation shall be forfeited to the State. A holder of an owners license or an electronic gaming license ~~A licensed owner~~ may own its own equipment, devices and supplies. Each holder of an owners license or an electronic gaming license under the Act shall file an annual report listing its inventories of gambling equipment, devices and supplies.

(f) Any person who knowingly makes a false statement on an application is guilty of a Class A

[March 6, 2013]

misdemeanor.

(g) Any gambling equipment, devices and supplies provided by any licensed supplier may either be repaired on the riverboat, in the casino, or at the electronic gaming facility or removed from the riverboat, casino, or electronic gaming facility to a ~~an on-shore~~ facility owned by the holder of an owners license or electronic gaming license for repair.

(Source: P.A. 97-1150, eff. 1-25-13.)

(230 ILCS 10/9) (from Ch. 120, par. 2409)

Sec. 9. Occupational licenses.

(a) The Board may issue an occupational license to an applicant upon the payment of a non-refundable fee set by the Board, upon a determination by the Board that the applicant is eligible for an occupational license and upon payment of an annual license fee in an amount to be established. To be eligible for an occupational license, an applicant must:

(1) be at least 21 years of age if the applicant will perform any function involved in gaming by patrons. Any applicant seeking an occupational license for a non-gaming function shall be at least 18 years of age;

(2) not have been convicted of a felony offense, a violation of Article 28 of the Criminal Code of 1961 or the Criminal Code of 2012, or a similar statute of any other jurisdiction;

(2.5) not have been convicted of a crime, other than a crime described in item (2) of this subsection (a), involving dishonesty or moral turpitude, except that the Board may, in its discretion, issue an occupational license to a person who has been convicted of a crime described in this item (2.5) more than 10 years prior to his or her application and has not subsequently been convicted of any other crime;

(3) have demonstrated a level of skill or knowledge which the Board determines to be necessary in order to operate gambling aboard a riverboat, in a casino, or at an electronic gaming facility; and

(4) have met standards for the holding of an occupational license as adopted by rules of the Board. Such rules shall provide that any person or entity seeking an occupational license to manage gambling operations under this Act or the Chicago Casino Development Authority Act hereunder shall be subject to background inquiries and further requirements similar to those required of applicants for an owners license. Furthermore, such rules shall provide that each such entity shall be permitted to manage gambling operations for only one licensed owner.

(b) Each application for an occupational license shall be on forms prescribed by the Board and shall contain all information required by the Board. The applicant shall set forth in the application: whether he has been issued prior gambling related licenses; whether he has been licensed in any other state under any other name, and, if so, such name and his age; and whether or not a permit or license issued to him in any other state has been suspended, restricted or revoked, and, if so, for what period of time.

(c) Each applicant shall submit with his application, on forms provided by the Board, 2 sets of his fingerprints. The Board shall charge each applicant a fee set by the Department of State Police to defray the costs associated with the search and classification of fingerprints obtained by the Board with respect to the applicant's application. These fees shall be paid into the State Police Services Fund.

(d) The Board may in its discretion refuse an occupational license to any person: (1) who is unqualified to perform the duties required of such applicant; (2) who fails to disclose or states falsely any information called for in the application; (3) who has been found guilty of a violation of this Act or the Chicago Casino Development Authority Act or whose prior gambling related license or application therefor has been suspended, restricted, revoked or denied for just cause in any other state; or (4) for any other just cause.

(e) The Board may suspend, revoke or restrict any occupational licensee: (1) for violation of any provision of this Act; (2) for violation of any of the rules and regulations of the Board; (3) for any cause which, if known to the Board, would have disqualified the applicant from receiving such license; or (4) for default in the payment of any obligation or debt due to the State of Illinois; or (5) for any other just cause.

(f) A person who knowingly makes a false statement on an application is guilty of a Class A misdemeanor.

(g) Any license issued pursuant to this Section shall be valid for a period of one year from the date of issuance.

(h) Nothing in this Act shall be interpreted to prohibit a licensed owner or electronic gaming licensee from entering into an agreement with a public community college or a school approved under the Private Business and Vocational Schools Act of 2012 for the training of any occupational licensee. Any training offered by such a school shall be in accordance with a written agreement between the licensed owner or

[March 6, 2013]

electronic gaming licensee and the school.

(i) Any training provided for occupational licensees may be conducted either at the site of the gambling facility on the riverboat or at a school with which a licensed owner or electronic gaming licensee has entered into an agreement pursuant to subsection (h).

(Source: P.A. 96-1392, eff. 1-1-11; 97-650, eff. 2-1-12; 97-1150, eff. 1-25-13.)

(230 ILCS 10/11) (from Ch. 120, par. 2411)

Sec. 11. Conduct of gambling. Gambling may be conducted by licensed owners or licensed managers on behalf of the State aboard riverboats. Gambling may be conducted by electronic gaming licensees at electronic gaming facilities. Gambling authorized under this Section is τ subject to the following standards:

(1) A licensee may conduct riverboat gambling authorized under this Act regardless of whether it conducts excursion cruises. A licensee may permit the continuous ingress and egress of patrons passengers on a riverboat not used for excursion cruises for the purpose of gambling. Excursion cruises shall not exceed 4 hours for a round trip. However, the Board may grant express approval for an extended cruise on a case-by-case basis.

(2) (Blank).

(3) Minimum and maximum wagers on games shall be set by the licensee.

(4) Agents of the Board and the Department of State Police may board and inspect any riverboat, enter and inspect any portion of a casino, or enter and inspect any portion of an electronic gaming facility at any time for the purpose of determining whether this Act or the Chicago Casino Development Authority Act is being complied with. Every riverboat, if under way and being hailed by a law enforcement officer or agent of the Board, must stop immediately and lay to.

(5) Employees of the Board shall have the right to be present on the riverboat or in the casino or on adjacent facilities under the control of the licensee and at the electronic gaming facility under the control of the electronic gaming licensee.

(6) Gambling equipment and supplies customarily used in conducting riverboat or casino gambling or electronic gaming must be purchased or leased only from suppliers licensed for such purpose under this Act. The Board may approve the transfer, sale, or lease of gambling equipment and supplies by a licensed owner from or to an affiliate of the licensed owner as long as the gambling equipment and supplies were initially acquired from a supplier licensed in Illinois.

(7) Persons licensed under this Act or the Chicago Casino Development Authority Act shall permit no form of wagering on gambling games

except as permitted by this Act.

(8) Wagers may be received only from a person present on a licensed riverboat, in a casino, or at an electronic gaming facility. No

person present on a licensed riverboat, in a casino, or at an electronic gaming facility shall place or attempt to place a wager on behalf of another person who is not present on the riverboat, in a casino, or at the electronic gaming facility.

(9) Wagering, including electronic gaming, shall not be conducted with money or other negotiable currency.

(10) A person under age 21 shall not be permitted on an area of a riverboat or casino where gambling is being conducted or at an electronic gaming facility where gambling is being conducted, except for a person at least 18 years of age who is an employee of the riverboat or casino gambling operation or electronic gaming operation. No employee under age 21 shall perform any function involved in gambling by the patrons. No person under age 21 shall be permitted to make a wager under this Act or the Chicago Casino Development Authority Act, and any winnings that are a result of a wager by a person under age 21, whether or not paid by a licensee, shall be treated as winnings for the privilege tax purposes, confiscated, and forfeited to the State and deposited into the Education Assistance Fund.

(11) Gambling excursion cruises are permitted only when the waterway for which the riverboat is licensed is navigable, as determined by the Board in consultation with the U.S. Army Corps of Engineers. This paragraph (11) does not limit the ability of a licensee to conduct gambling authorized under this Act when gambling excursion cruises are not permitted.

(12) All tokens, chips or electronic cards used to make wagers must be purchased (i) from a licensed owner or manager, in the case of a riverboat, either aboard a riverboat or at an onshore facility which has been approved by the Board and which is located where the riverboat docks, (ii) in the case of a casino, from a licensed owner or licensed casino operator at the casino, or (iii) from an electronic gaming licensee at the electronic gaming facility. The tokens, chips or electronic cards may

be purchased by means of an agreement under which the owner, ~~or~~ manager, or licensed casino operator extends credit to the patron. Such tokens, chips or electronic cards may be used while aboard the riverboat, in the casino, or at the electronic gaming facility only for the purpose of making wagers on gambling games.

(13) Notwithstanding any other Section of this Act or the Chicago Casino Development Authority Act, in addition to the other licenses

authorized under this Act or the Chicago Casino Development Authority Act, the Board may issue special event licenses allowing persons who are not otherwise licensed to conduct riverboat gambling to conduct such gambling on a specified date or series of dates. Riverboat gambling under such a license may take place on a riverboat not normally used for riverboat gambling. The Board shall establish standards, fees and fines for, and limitations upon, such licenses, which may differ from the standards, fees, fines and limitations otherwise applicable under this Act or the Chicago Casino Development Authority Act. All such fees shall be deposited into the State Gaming Fund. All such fines shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois.

(14) In addition to the above, gambling must be conducted in accordance with all rules adopted by the Board.

(Source: P.A. 96-1392, eff. 1-1-11.)

(230 ILCS 10/11.1) (from Ch. 120, par. 2411.1)

Sec. 11.1. Collection of amounts owing under credit agreements. Notwithstanding any applicable statutory provision to the contrary, a licensed owner, licensed ~~or~~ manager, licensed casino operator, or electronic gaming licensee who extends credit to a riverboat gambling patron or an electronic gaming patron pursuant to Section 11 (a) (12) of this Act is expressly authorized to institute a cause of action to collect any amounts due and owing under the extension of credit, as well as the licensed owner's, licensed ~~or~~ manager's, licensed casino operator's, or electronic gaming licensee's costs, expenses and reasonable attorney's fees incurred in collection.

(Source: P.A. 93-28, eff. 6-20-03.)

(230 ILCS 10/12) (from Ch. 120, par. 2412)

Sec. 12. Admission tax; fees.

(a) A tax is hereby imposed upon admissions to riverboat and casino gambling facilities riverboats operated by licensed owners authorized pursuant to this Act and the Chicago Casino Development Authority Act. Until July 1, 2002, the rate is \$2 per person admitted. From July 1, 2002 until July 1, 2003, the rate is \$3 per person admitted. From July 1, 2003 until August 23, 2005 (the effective date of Public Act 94-673), for a licensee that admitted 1,000,000 persons or fewer in the previous calendar year, the rate is \$3 per person admitted; for a licensee that admitted more than 1,000,000 but no more than 2,300,000 persons in the previous calendar year, the rate is \$4 per person admitted; and for a licensee that admitted more than 2,300,000 persons in the previous calendar year, the rate is \$5 per person admitted. Beginning on August 23, 2005 (the effective date of Public Act 94-673), for a licensee that admitted 1,000,000 persons or fewer in calendar year 2004, the rate is \$2 per person admitted, and for all other licensees, including licensees that were not conducting gambling operations in 2004, the rate is \$3 per person admitted. This admission tax is imposed upon the licensed owner conducting gambling.

(1) The admission tax shall be paid for each admission, except that a person who exits a riverboat gambling facility and reenters that riverboat gambling facility within the same gaming day shall be subject only to the initial admission tax.

(2) (Blank).

(3) The riverboat licensee may issue tax-free passes to actual and necessary officials and employees of the licensee or other persons actually working on the riverboat.

(4) The number and issuance of tax-free passes is subject to the rules of the Board, and a list of all persons to whom the tax-free passes are issued shall be filed with the Board.

(a-5) A fee is hereby imposed upon admissions operated by licensed managers on behalf of the State pursuant to Section 7.3 at the rates provided in this subsection (a-5). For a licensee that admitted 1,000,000 persons or fewer in the previous calendar year, the rate is \$3 per person admitted; for a licensee that admitted more than 1,000,000 but no more than 2,300,000 persons in the previous calendar year, the rate is \$4 per person admitted; and for a licensee that admitted more than 2,300,000 persons in the previous calendar year, the rate is \$5 per person admitted.

(1) The admission fee shall be paid for each admission.

(2) (Blank).

(3) The licensed manager may issue fee-free passes to actual and necessary officials and employees of the manager or other persons actually working on the riverboat.

(4) The number and issuance of fee-free passes is subject to the rules of the Board, and a list of all persons to whom the fee-free passes are issued shall be filed with the Board.

(b) Except as provided in subsection (b-5), from ~~From~~ the tax imposed under subsection (a) and the fee imposed under subsection (a-5), a municipality shall receive from the State \$1 for each person embarking on a riverboat docked within the municipality or entering a casino located within the municipality, and a county shall receive \$1 for each person entering a casino or embarking on a riverboat docked within the county but outside the boundaries of any municipality. The municipality's or county's share shall be collected by the Board on behalf of the State and remitted quarterly by the State, subject to appropriation, to the treasurer of the unit of local government for deposit in the general fund.

(b-5) From the tax imposed under subsection (a) and the fee imposed under subsection (a-5), \$1 for each person embarking on a riverboat designated in paragraph (4) of subsection (e-5) of Section 7 shall be divided and remitted from the State according to a revenue-sharing agreement between the City of Rockford and Winnebago County, the terms of which shall be determined by the City of Rockford and Winnebago County. The City of Rockford and Winnebago County shall transmit a copy of the executed revenue-sharing agreement to the Board no later than 90 days after the effective date of this amendatory Act of the 98th General Assembly.

The municipality's or county's share shall be collected by the Board on behalf of the State and remitted quarterly by the State, subject to appropriation, to the treasurer of the unit of local government for deposit in the general fund.

(c) The licensed owner shall pay the entire admission tax to the Board and the licensed manager or the casino operator licensee shall pay the entire admission fee to the Board. Such payments shall be made daily. Accompanying each payment shall be a return on forms provided by the Board which shall include other information regarding admissions as the Board may require. Failure to submit either the payment or the return within the specified time may result in suspension or revocation of the owners or managers license.

(c-5) A tax is imposed on admissions to electronic gaming facilities at the rate of \$3 per person admitted by an electronic gaming licensee. The tax is imposed upon the electronic gaming licensee.

(1) The admission tax shall be paid for each admission, except that a person who exits an electronic gaming facility and reenters that electronic gaming facility within the same gaming day, as the term "gaming day" is defined by the Board by rule, shall be subject only to the initial admission tax. The Board shall establish, by rule, a procedure to determine whether a person admitted to an electronic gaming facility has paid the admission tax.

(2) An electronic gaming licensee may issue tax-free passes to actual and necessary officials and employees of the licensee and other persons associated with electronic gaming operations.

(3) The number and issuance of tax-free passes is subject to the rules of the Board, and a list of all persons to whom the tax-free passes are issued shall be filed with the Board.

(4) The electronic gaming licensee shall pay the entire admission tax to the Board.

Such payments shall be made daily. Accompanying each payment shall be a return on forms provided by the Board, which shall include other information regarding admission as the Board may require. Failure to submit either the payment or the return within the specified time may result in suspension or revocation of the electronic gaming license.

From the tax imposed under this subsection (c-5), a municipality other than the Village of Stickney or the City of Collinsville in which an electronic gaming facility is located, or if the electronic gaming facility is not located within a municipality, then the county in which the electronic gaming facility is located, except as otherwise provided in this Section, shall receive, subject to appropriation, \$1 for each person who enters the electronic gaming facility. For each admission to the electronic gaming facility in excess of 1,500,000 in a year, from the tax imposed under this subsection (c-5), the county in which the electronic gaming facility is located shall receive, subject to appropriation, \$0.30, which shall be in addition to any other moneys paid to the county under this Section.

From the tax imposed under this subsection (c-5) on an electronic gaming facility located in the Village of Stickney, \$1 for each person who enters the electronic gaming facility shall be distributed as follows, subject to appropriation: \$0.25 to the Village of Stickney, \$.50 to the Town of Cicero, \$0.05 to the City of Berwyn, and \$0.20 to the Stickney Public Health District.

From the tax imposed under this subsection (c-5) on an electronic gaming facility located in the City of Collinsville, \$1 for each person who enters the electronic gaming facility shall be distributed as follows, subject to appropriation: \$0.45 to the City of Alton, \$0.45 to the City of East St. Louis, and \$0.10 to the City of Collinsville.

From the tax imposed under this subsection (c-5) on an electronic gaming facility that is located in an unincorporated area of Cook County and has been awarded standardbred racing dates during 2011 by the

Illinois Racing Board, \$1 for each person who enters the electronic gaming facility shall be divided equally and distributed, subject to appropriation, to the Village of Melrose Park, the Village of Maywood, and Cook County.

After payments required under this subsection (c-5) have been made, all remaining amounts shall be deposited into the Education Assistance Fund.

(d) The Board shall administer and collect the admission tax imposed by this Section, to the extent practicable, in a manner consistent with the provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 8, 9 and 10 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act.

(Source: P.A. 95-663, eff. 10-11-07; 96-1392, eff. 1-1-11.)

(230 ILCS 10/13) (from Ch. 120, par. 2413)

Sec. 13. Wagering tax; rate; distribution.

(a) Until January 1, 1998, a tax is imposed on the adjusted gross receipts received from gambling games authorized under this Act at the rate of 20%.

(a-1) From January 1, 1998 until July 1, 2002, a privilege tax is imposed on persons engaged in the business of conducting riverboat gambling operations, based on the adjusted gross receipts received by a licensed owner from gambling games authorized under this Act at the following rates:

15% of annual adjusted gross receipts up to and including \$25,000,000;

20% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$50,000,000;

25% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$75,000,000;

30% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;

35% of annual adjusted gross receipts in excess of \$100,000,000.

(a-2) From July 1, 2002 until July 1, 2003, a privilege tax is imposed on persons engaged in the business of conducting riverboat gambling operations, other than licensed managers conducting riverboat gambling operations on behalf of the State, based on the adjusted gross receipts received by a licensed owner from gambling games authorized under this Act at the following rates:

15% of annual adjusted gross receipts up to and including \$25,000,000;

22.5% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$50,000,000;

27.5% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$75,000,000;

32.5% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;

37.5% of annual adjusted gross receipts in excess of \$100,000,000 but not exceeding \$150,000,000;

45% of annual adjusted gross receipts in excess of \$150,000,000 but not exceeding \$200,000,000;

50% of annual adjusted gross receipts in excess of \$200,000,000.

(a-3) Beginning July 1, 2003, a privilege tax is imposed on persons engaged in the business of conducting riverboat gambling operations, other than licensed managers conducting riverboat gambling operations on behalf of the State, based on the adjusted gross receipts received by a licensed owner from gambling games authorized under this Act at the following rates:

15% of annual adjusted gross receipts up to and including \$25,000,000;

27.5% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$37,500,000;

32.5% of annual adjusted gross receipts in excess of \$37,500,000 but not exceeding \$50,000,000;

37.5% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$75,000,000;

45% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;

50% of annual adjusted gross receipts in excess of \$100,000,000 but not exceeding \$250,000,000;

70% of annual adjusted gross receipts in excess of \$250,000,000.

An amount equal to the amount of wagering taxes collected under this subsection (a-3) that are in addition to the amount of wagering taxes that would have been collected if the wagering tax rates under

subsection (a-2) were in effect shall be paid into the Common School Fund.

The privilege tax imposed under this subsection (a-3) shall no longer be imposed beginning on the earlier of (i) July 1, 2005; (ii) the first date after June 20, 2003 that riverboat gambling operations are conducted pursuant to a dormant license; or (iii) the first day that riverboat gambling operations are conducted under the authority of an owners license that is in addition to the 10 owners licenses initially authorized under this Act. For the purposes of this subsection (a-3), the term "dormant license" means an owners license that is authorized by this Act under which no riverboat gambling operations are being conducted on June 20, 2003.

(a-4) Beginning on the first day on which the tax imposed under subsection (a-3) is no longer imposed and ending upon the imposition of the privilege tax under subsection (a-5) of this Section, a privilege tax is imposed on persons engaged in the business of conducting riverboat or casino gambling or electronic gaming operations, other than licensed managers conducting riverboat gambling operations on behalf of the State, based on the adjusted gross receipts received by a licensed owner from gambling games authorized under this Act at the following rates:

- 15% of annual adjusted gross receipts up to and including \$25,000,000;
- 22.5% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$50,000,000;
- 27.5% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$75,000,000;
- 32.5% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;
- 37.5% of annual adjusted gross receipts in excess of \$100,000,000 but not exceeding \$150,000,000;
- 45% of annual adjusted gross receipts in excess of \$150,000,000 but not exceeding \$200,000,000;
- 50% of annual adjusted gross receipts in excess of \$200,000,000.

For the imposition of the privilege tax in this subsection (a-4), amounts paid pursuant to item (1) of subsection (b) of Section 56 of the Illinois Horse Racing Act of 1975 shall not be included in the determination of adjusted gross receipts.

(a-5) Beginning in the fiscal year following the opening of the casino at which gambling operations are conducted pursuant to the Chicago Casino Development Authority Act, but not before July 1, 2015, a privilege tax is imposed on persons engaged in the business of conducting riverboat or casino gambling or electronic gaming operations, other than licensed managers conducting riverboat gambling operations on behalf of the State, based on the adjusted gross receipts received by such licensee from the gambling games authorized under this Act and the Chicago Casino Development Authority Act. The privilege tax for all gambling games other than table games, including, but not limited to, slot machines, video game of chance gambling, and electronic gambling games shall be at the following rates:

- 10% of annual adjusted gross receipts up to and including \$25,000,000;
- 17.5% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$50,000,000;
- 22.5% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$75,000,000;
- 27.5% of annual adjusted gross receipts in excess of \$75,000,000 but not exceeding \$100,000,000;
- 32.5% of annual adjusted gross receipts in excess of \$100,000,000 but not exceeding \$150,000,000;
- 35% of annual adjusted gross receipts in excess of \$150,000,000 but not exceeding \$200,000,000;
- 40% of annual adjusted gross receipts in excess of \$200,000,000 but not exceeding \$300,000,000;
- 30% of annual adjusted gross receipts in excess of \$300,000,000 but not exceeding \$350,000,000;
- 20% of annual adjusted gross receipts in excess of \$350,000,000, but not exceeding \$800,000,000;
- 50% of annual adjusted gross receipts in excess of \$800,000,000.

The privilege tax for table games shall be at the following rates:

- 10% of annual adjusted gross receipts up to and including \$25,000,000;
- 17.5% of annual adjusted gross receipts in excess of \$25,000,000 but not exceeding \$50,000,000;
- 22.5% of annual adjusted gross receipts in excess of \$50,000,000 but not exceeding \$70,000,000;
- 16% of annual adjusted gross receipts in excess of \$70,000,000.

For the imposition of the privilege tax in this subsection (a-5), amounts paid pursuant to item (1) of subsection (b) of Section 56 of the Illinois Horse Racing Act of 1975 shall not be included in the determination of adjusted gross receipts.

(a-6) From the effective date of this amendatory Act of the 98th General Assembly until June 30, 2017, an owners licensee that conducted gambling operations prior to January 1, 2011 shall receive a dollar-for-dollar credit against the tax imposed under this Section for any renovation or construction costs paid by the owners licensee, but in no event shall the credit exceed \$2,000,000.

Additionally, from the effective date of this amendatory Act of the 98th General Assembly until December 31, 2016, an owners licensee that (i) is located within 15 miles of the Missouri border, and (ii) has at least 3 riverboats, casinos, or their equivalent within a 45-mile radius, may be authorized to relocate to a new location with the approval of both the unit of local government designated as the home dock and the Board, so long as the new location is within the same unit of local government and no more than 3 miles away from its original location. Such owners licensee shall receive a credit against the tax imposed under this Section equal to 8% of the total project costs, as approved by the Board, for any renovation or construction costs paid by the owners licensee for the construction of the new facility, provided that the new facility is operational by July 1, 2016. In determining whether or not to approve a relocation, the Board must consider the extent to which the relocation will diminish the gaming revenues received by other Illinois gaming facilities.

(a-8) Riverboat gambling operations conducted by a licensed manager on behalf of the State are not subject to the tax imposed under this Section.

(a-9) Beginning on January 1, 2014, the calculation of gross receipts or adjusted gross receipts, for the purposes of this Section, for a riverboat, casino, or electronic gaming facility shall not include the dollar amount of non-cashable vouchers, coupons, and electronic promotions redeemed by wagerers upon the riverboat, in the casino, or in the electronic gaming facility up to and including an amount not to exceed 30% of a riverboat casino or electronic gaming facility's adjusted gross receipts.

The Illinois Gaming Board shall submit to the General Assembly a comprehensive report no later than March 31, 2017 detailing, at a minimum, the effect of removing non-cashable vouchers, coupons, and electronic promotions from this calculation on net gaming revenues to the State in calendar years 2014 through 2016, the increase or reduction in wagerers as a result of removing non-cashable vouchers, coupons, and electronic promotions from this calculation, the effect of the tax rates in subsection (a-5) on net gaming revenues to the State, and proposed modifications to the calculation.

(a-10) The taxes imposed by this Section shall be paid by the licensed owner or the electronic gaming licensee to the Board not later than 5:00 o'clock p.m. of the day after the day when the wagerers were made.

(a-15) If the privilege tax imposed under subsection (a-3) is no longer imposed pursuant to item (i) of the last paragraph of subsection (a-3), then by June 15 of each year, each owners licensee, other than an owners licensee that admitted 1,000,000 persons or fewer in calendar year 2004, must, in addition to the payment of all amounts otherwise due under this Section, pay to the Board a reconciliation payment in the amount, if any, by which the licensed owner's base amount exceeds the amount of net privilege tax paid by the licensed owner to the Board in the then current State fiscal year. A licensed owner's net privilege tax obligation due for the balance of the State fiscal year shall be reduced up to the total of the amount paid by the licensed owner in its June 15 reconciliation payment. The obligation imposed by this subsection (a-15) is binding on any person, firm, corporation, or other entity that acquires an ownership interest in any such owners license. The obligation imposed under this subsection (a-15) terminates on the earliest of: (i) July 1, 2007, (ii) the first day after the effective date of this amendatory Act of the 94th General Assembly that riverboat gambling operations are conducted pursuant to a dormant license, (iii) the first day that riverboat gambling operations are conducted under the authority of an owners license that is in addition to the 10 owners licenses initially authorized under this Act, or (iv) the first day that a licensee under the Illinois Horse Racing Act of 1975 conducts gaming operations with slot machines or other electronic gaming devices. The Board must reduce the obligation imposed under this subsection (a-15) by an amount the Board deems reasonable for any of the following reasons: (A) an act or acts of God, (B) an act of bioterrorism or terrorism or a bioterrorism or terrorism threat that was investigated by a law enforcement agency, or (C) a condition beyond the control of the owners licensee that does not result from any act or omission by the owners licensee or any of its agents and that poses a hazardous threat to the health and safety of patrons. If an owners licensee pays an amount in excess of its liability under this Section, the Board shall apply the overpayment to future payments required under this Section.

For purposes of this subsection (a-15):

"Act of God" means an incident caused by the operation of an extraordinary force that cannot be foreseen, that cannot be avoided by the exercise of due care, and for which no person can be held liable.

"Base amount" means the following:

For a riverboat in Alton, \$31,000,000.

For a riverboat in East Peoria, \$43,000,000.

For the Empress riverboat in Joliet, \$86,000,000.

For a riverboat in Metropolis, \$45,000,000.

For the Harrah's riverboat in Joliet, \$114,000,000.

[March 6, 2013]

For a riverboat in Aurora, \$86,000,000.

For a riverboat in East St. Louis, \$48,500,000.

For a riverboat in Elgin, \$198,000,000.

"Dormant license" has the meaning ascribed to it in subsection (a-3).

"Net privilege tax" means all privilege taxes paid by a licensed owner to the Board under this Section, less all payments made from the State Gaming Fund pursuant to subsection (b) of this Section.

The changes made to this subsection (a-15) by Public Act 94-839 are intended to restate and clarify the intent of Public Act 94-673 with respect to the amount of the payments required to be made under this subsection by an owners licensee to the Board.

(b) Until January 1, 1998, 25% of the tax revenue deposited in the State Gaming Fund under this Section shall be paid, subject to appropriation by the General Assembly, to the unit of local government which is designated as the home dock of the riverboat. Beginning January 1, 1998, from the tax revenue from riverboat or casino gambling deposited in the State Gaming Fund under this Section, an amount equal to 5% of adjusted gross receipts generated by a riverboat or a casino other than a riverboat designated in paragraph (3) or (4) of subsection (e-5) of Section 7, shall be paid monthly, subject to appropriation by the General Assembly, to the unit of local government in which the casino is located or that is designated as the home dock of the riverboat. From the tax revenue deposited in the State Gaming Fund pursuant to riverboat or casino gambling operations conducted by a licensed manager on behalf of the State, an amount equal to 5% of adjusted gross receipts generated pursuant to those riverboat or casino gambling operations shall be paid monthly, subject to appropriation by the General Assembly, to the unit of local government that is designated as the home dock of the riverboat upon which those riverboat gambling operations are conducted or in which the casino is located. From the tax revenue from riverboat or casino gambling deposited in the State Gaming Fund under this Section, an amount equal to 5% of the adjusted gross receipts generated by a riverboat designated in paragraph (3) of subsection (e-5) of Section 7 shall be divided equally and remitted monthly, subject to appropriation, to Park City, Waukegan, and North Chicago. From the tax revenue from riverboat or casino gambling deposited in the State Gaming Fund under this Section, an amount equal to 5% of the adjusted gross receipts generated by a riverboat designated in paragraph (4) of subsection (e-5) of Section 7 shall be divided and remitted monthly, subject to appropriation, according to a revenue-sharing agreement between the City of Rockford and Winnebago County, the terms of which shall be determined by the City of Rockford and Winnebago County. The City of Rockford and Winnebago County shall transmit a copy of the executed revenue-sharing agreement to the Board no later than 90 days after the effective date of this amendatory Act of the 98th General Assembly. Units of local government may refund any portion of the payment that they receive pursuant to this subsection (b) to the riverboat or casino.

(b-5) Beginning on the effective date of this amendatory Act of the 98th General Assembly, from the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to 3% of adjusted gross receipts generated by each electronic gaming facility located outside Madison County shall be paid monthly, subject to appropriation by the General Assembly, to a municipality other than the Village of Stickney in which each electronic gaming facility is located or, if the electronic gaming facility is not located within a municipality, to the county in which the electronic gaming facility is located, except as otherwise provided in this Section. From the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to 3% of adjusted gross receipts generated by each electronic gaming facility that is located in an unincorporated area of Cook County and has been awarded standardbred racing dates during 2011 by the Illinois Racing Board shall be divided equally and distributed, subject to appropriation, to the Village of Melrose Park, the Village of Maywood, and Cook County. From the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to 3% of adjusted gross receipts generated by an electronic gaming facility located in the Village of Stickney shall be paid monthly, subject to appropriation by the General Assembly, as follows: 25% to the Village of Stickney, 5% to the City of Berwyn, 50% to the Town of Cicero, and 20% to the Stickney Public Health District.

From the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to 3% of adjusted gross receipts generated by an electronic gaming facility located in the City of Collinsville shall be paid monthly, subject to appropriation by the General Assembly, as follows: 45% to the City of Alton, 45% to the City of East St. Louis, and 10% to the City of Collinsville.

Beginning on the effective date of this amendatory Act of the 98th General Assembly, from the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to (i) 1% of adjusted gross receipts generated by an electronic gaming facility located in Madison County shall be paid monthly, subject to appropriation by the General Assembly, to Madison County for the purposes of infrastructure improvements, and (ii) 1% of adjusted gross receipts generated by an electronic gaming facility located in Madison County shall be paid monthly, subject to appropriation by the General

Assembly, to St. Clair County for the purposes of infrastructure improvements.

Municipalities and counties may refund any portion of the payment that they receive pursuant to this subsection (b-5) to the electronic gaming facility.

(b-6) Beginning on the effective date of this amendatory Act of the 98th General Assembly, from the tax revenue deposited in the State Gaming Fund under this Section, an amount equal to 2% of adjusted gross receipts generated by an electronic gaming facility located outside Madison County shall be paid monthly, subject to appropriation by the General Assembly, to the county in which the electronic gaming facility is located for the purposes of its criminal justice system or health care system.

Counties may refund any portion of the payment that they receive pursuant to this subsection (b-6) to the electronic gaming facility.

(b-7) From January 1, 2015 until December 31, 2017, if the total amount paid to the Education Assistance Fund annually pursuant to this Act will result in the Education Assistance Fund receiving less revenue from the State Gaming Fund than it received in calendar year 2011, an amount equal to that shortfall shall be transferred from the Capital Projects Fund to the Education Assistance Fund, except that no such transfer shall exceed the amount deposited into the Capital Projects Fund pursuant to subsection (c-4) of this Section.

(c) Appropriations, as approved by the General Assembly, may be made from the State Gaming Fund to the Board (i) for the administration and enforcement of this Act, the Chicago Casino Development Authority Act, and the Video Gaming Act, (ii) for distribution to the Department of State Police and to the Department of Revenue for the enforcement of this Act, the Chicago Casino Development Authority Act, and the Video Gaming Act, and (iii) to the Department of Human Services for the administration of programs to treat problem gambling. The Board's annual appropriations request must separately state its funding needs for the regulation of electronic gaming, riverboat gaming, casino gaming within the City of Chicago, and video gaming. From the tax revenue deposited in the Gaming Facilities Fee Revenue Fund, the first \$50,000,000 shall be paid to the Board, subject to appropriation, for the administration and enforcement of the provisions of this amendatory Act of the 98th General Assembly.

(c-3) Appropriations, as approved by the General Assembly, may be made from the tax revenue deposited into the State Gaming Fund from electronic gaming pursuant to this Section for the administration and enforcement of this Act.

(c-4) After payments required under subsection (b-5), (c), and (c-3) have been made from the tax revenue from electronic gaming deposited into the State Gaming Fund under this Section, all remaining amounts from electronic gaming shall be deposited into the Education Assistance Fund.

(c-5) (Blank). Before May 26, 2006 (the effective date of Public Act 94-804) and beginning on the effective date of this amendatory Act of the 95th General Assembly, unless any organization licensee under the Illinois Horse Racing Act of 1975 begins to operate a slot machine or video game of chance under the Illinois Horse Racing Act of 1975 or this Act, after the payments required under subsections (b) and (c) have been made, an amount equal to 15% of the adjusted gross receipts of (1) an owners licensee that relocates pursuant to Section 11.2, (2) an owners licensee conducting riverboat gambling operations pursuant to an owners license that is initially issued after June 25, 1999, or (3) the first riverboat gambling operations conducted by a licensed manager on behalf of the State under Section 7.3, whichever comes first, shall be paid from the State Gaming Fund into the Horse Racing Equity Fund.

(c-10) (Blank). Each year the General Assembly shall appropriate from the General Revenue Fund to the Education Assistance Fund an amount equal to the amount paid into the Horse Racing Equity Fund pursuant to subsection (c-5) in the prior calendar year.

(c-15) (Blank). After the payments required under subsections (b), (c), and (c-5) have been made, an amount equal to 2% of the adjusted gross receipts of (1) an owners licensee that relocates pursuant to Section 11.2, (2) an owners licensee conducting riverboat gambling operations pursuant to an owners license that is initially issued after June 25, 1999, or (3) the first riverboat gambling operations conducted by a licensed manager on behalf of the State under Section 7.3, whichever comes first, shall be paid, subject to appropriation from the General Assembly, from the State Gaming Fund to each home rule county with a population of over 3,000,000 inhabitants for the purpose of enhancing the county's criminal justice system.

(c-20) Each year the General Assembly shall appropriate from the General Revenue Fund to the Education Assistance Fund an amount equal to the amount paid to each home rule county with a population of over 3,000,000 inhabitants pursuant to subsection (c-15) in the prior calendar year.

(c-25) (Blank). After the payments required under subsections (b), (c), (c-5) and (c-15) have been made, an amount equal to 2% of the adjusted gross receipts of (1) an owners licensee that relocates pursuant to Section 11.2, (2) an owners licensee conducting riverboat gambling operations pursuant to an owners license that is initially issued after June 25, 1999, or (3) the first riverboat gambling operations

conducted by a licensed manager on behalf of the State under Section 7.3, whichever comes first, shall be paid from the State Gaming Fund to Chicago State University.

(d) From time to time, the Board shall transfer the remainder of the funds generated by this Act into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois.

(e) Nothing in this Act shall prohibit the unit of local government designated as the home dock of the riverboat from entering into agreements with other units of local government in this State or in other states to share its portion of the tax revenue.

(f) To the extent practicable, the Board shall administer and collect the wagering taxes imposed by this Section in a manner consistent with the provisions of Sections 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5i, 5j, 6, 6a, 6b, 6c, 8, 9, and 10 of the Retailers' Occupation Tax Act and Section 3-7 of the Uniform Penalty and Interest Act.

(Source: P.A. 95-331, eff. 8-21-07; 95-1008, eff. 12-15-08; 96-37, eff. 7-13-09; 96-1392, eff. 1-1-11.)

(230 ILCS 10/14) (from Ch. 120, par. 2414)

Sec. 14. Licensees - Records - Reports - Supervision.

(a) Licensed owners and electronic gaming licensees A licensed owner shall keep his books and records so as to clearly show the following:

- (1) The amount received daily from admission fees.
- (2) The total amount of gross receipts.
- (3) The total amount of the adjusted gross receipts.

(b) Licensed owners and electronic gaming licensees The licensed owner shall furnish to the Board reports and information as the Board may require with respect to its activities on forms designed and supplied for such purpose by the Board.

(c) The books and records kept by a licensed owner as provided by this Section are public records and the examination, publication, and dissemination of the books and records are governed by the provisions of The Freedom of Information Act.

(Source: P.A. 86-1029.)

(230 ILCS 10/15) (from Ch. 120, par. 2415)

Sec. 15. Audit of Licensee Operations. Annually, the licensed owner, ~~or manager~~, or electronic gaming licensee shall transmit to the Board an audit of the financial transactions and condition of the licensee's ~~or manager's~~ total operations. Additionally, within 90 days after the end of each quarter of each fiscal year, the licensed owner, ~~or manager~~, or electronic gaming licensee shall transmit to the Board a compliance report on engagement procedures determined by the Board. All audits and compliance engagements shall be conducted by certified public accountants selected by the Board. Each certified public accountant must be registered in the State of Illinois under the Illinois Public Accounting Act. The compensation for each certified public accountant shall be paid directly by the licensed owner, ~~or manager~~, or electronic gaming licensee to the certified public accountant.

(Source: P.A. 96-1392, eff. 1-1-11.)

(230 ILCS 10/16) (from Ch. 120, par. 2416)

Sec. 16. Annual Report of Board. The Board shall make an annual report to the Governor, for the period ending December 31 of each year. Included in the report shall be an account of the Board actions, its financial position and results of operation under this Act and the Chicago Casino Development Authority Act, the practical results attained under this Act and the Chicago Casino Development Authority Act and any recommendations for legislation which the Board deems advisable.

(Source: P.A. 86-1029.)

(230 ILCS 10/17) (from Ch. 120, par. 2417)

Sec. 17. Administrative Procedures. The Illinois Administrative Procedure Act shall apply to all administrative rules and procedures of the Board under this Act, the Chicago Casino Development Authority Act, and ~~or the Video Gaming Act~~, except that: (1) subsection (b) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to final orders, decisions and opinions of the Board; (2) subsection (a) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to forms established by the Board for use under this Act, the Chicago Casino Development Authority Act, and ~~or the Video Gaming Act~~; (3) the provisions of Section 10-45 of the Illinois Administrative Procedure Act regarding proposals for decision are excluded under this Act, the Chicago Casino Development Authority Act, and ~~or the Video Gaming Act~~; and (4) the provisions of subsection (d) of Section 10-65 of the Illinois Administrative Procedure Act do not apply so as to prevent summary suspension of any license pending revocation or other action, which suspension shall remain in effect unless modified by the Board or unless the Board's decision is reversed on the merits upon judicial review.

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

(230 ILCS 10/17.1) (from Ch. 120, par. 2417.1)

Sec. 17.1. Judicial Review.

(a) Jurisdiction and venue for the judicial review of a final order of the Board relating to licensed owners, suppliers, electronic gaming licensees, and ~~or~~ special event licenses is vested in the Appellate Court of the judicial district in which Sangamon County is located. A petition for judicial review of a final order of the Board must be filed in the Appellate Court, within 35 days from the date that a copy of the decision sought to be reviewed was served upon the party affected by the decision.

(b) Judicial review of all other final orders of the Board shall be conducted in accordance with the Administrative Review Law.

(Source: P.A. 88-1.)

(230 ILCS 10/18) (from Ch. 120, par. 2418)

Sec. 18. Prohibited Activities - Penalty.

(a) A person is guilty of a Class A misdemeanor for doing any of the following:

- (1) Conducting gambling where wagering is used or to be used without a license issued by the Board.
- (2) Conducting gambling where wagering is permitted other than in the manner specified by Section 11.

(b) A person is guilty of a Class B misdemeanor for doing any of the following:

- (1) permitting a person under 21 years to make a wager; or
- (2) violating paragraph (12) of subsection (a) of Section 11 of this Act.

(c) A person wagering or accepting a wager at any location outside the riverboat, casino, or electronic gaming facility in violation of paragraph ~~is subject to the penalties in paragraphs (1) or (2) of subsection (a) of Section 28-1 of the Criminal Code of 2012~~ is subject to the penalties provided in that Section.

(d) A person commits a Class 4 felony and, in addition, shall be barred for life from gambling operations ~~riverboats~~ under the jurisdiction of the Board, if the person does any of the following:

(1) Offers, promises, or gives anything of value or benefit to a person who is connected with a riverboat or casino owner or electronic gaming licensee, including, but not limited to, an officer or employee of a licensed owner, electronic gaming licensee, or holder of an occupational license pursuant to an agreement or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a gambling game, or to influence official action of a member of the Board.

(2) Solicits or knowingly accepts or receives a promise of anything of value or benefit while the person is connected with a riverboat, casino, or electronic gaming facility, including, but not limited to, an officer or employee of a licensed owner or electronic gaming licensee, or the holder of an occupational license, pursuant to an understanding or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to affect or attempt to affect the outcome of a gambling game, or to influence official action of a member of the Board.

(3) Uses or possesses with the intent to use a device to assist:

- (i) In projecting the outcome of the game.
- (ii) In keeping track of the cards played.
- (iii) In analyzing the probability of the occurrence of an event relating to the gambling game.
- (iv) In analyzing the strategy for playing or betting to be used in the game except as permitted by the Board.

(4) Cheats at a gambling game.

(5) Manufactures, sells, or distributes any cards, chips, dice, game or device which is intended to be used to violate any provision of this Act or the Chicago Casino Development Authority Act.

(6) Alters or misrepresents the outcome of a gambling game on which wagers have been made after the outcome is made sure but before it is revealed to the players.

(7) Places a bet after acquiring knowledge, not available to all players, of the outcome of the gambling game which is subject of the bet or to aid a person in acquiring the knowledge for the purpose of placing a bet contingent on that outcome.

(8) Claims, collects, or takes, or attempts to claim, collect, or take, money or anything of value in or from the gambling games, with intent to defraud, without having made a wager contingent on winning a gambling game, or claims, collects, or takes an amount of money or thing of value of greater value than the amount won.

(9) Uses counterfeit chips or tokens in a gambling game.

(10) Possesses any key or device designed for the purpose of opening, entering, or affecting the operation of a gambling game, drop box, or an electronic or mechanical device connected with the gambling game or for removing coins, tokens, chips or other contents of a gambling game. This paragraph (10) does not apply to a gambling licensee or employee of a gambling licensee acting in furtherance of the employee's employment.

(e) The possession of more than one of the devices described in subsection (d), paragraphs (3), (5), or (10) permits a rebuttable presumption that the possessor intended to use the devices for cheating.

(f) A person under the age of 21 who, except as authorized under paragraph (10) of Section 11, enters upon a riverboat or in a casino or electronic gaming facility commits a petty offense and is subject to a fine of not less than \$100 or more than \$250 for a first offense and of not less than \$200 or more than \$500 for a second or subsequent offense.

An action to prosecute any crime occurring on a riverboat shall be tried in the county of the dock at which the riverboat is based. An action to prosecute any crime occurring in a casino or electronic gaming facility shall be tried in the county of in which the casino or electronic gaming facility is located.

(Source: P.A. 96-1392, eff. 1-1-11; 97-1150, eff. 1-25-13.)

(230 ILCS 10/18.1)

Sec. 18.1. Distribution of certain fines. If a fine is imposed on an owner licensee or an electronic gaming licensee for knowingly sending marketing or promotional materials to any person placed on the self-exclusion list, then the Board shall distribute an amount equal to 15% of the fine imposed to the unit of local government in which the casino, riverboat, or electronic gaming facility is located for the purpose of awarding grants to non-profit entities that assist gambling addicts.

(Source: P.A. 96-224, eff. 8-11-09.)

(230 ILCS 10/18.2 new)

Sec. 18.2. Prohibition on political contributions from certain licensees and applicants.

(a) The General Assembly has a compelling interest in protecting the integrity of both the electoral process and the legislative process by preventing corruption and the appearance of corruption which may arise through permitting certain political campaign contributions by certain persons involved in the gaming industry and regulated by the State. Unlike most other regulated industries, gaming is especially susceptible to corruption and potential criminal influence.

In Illinois, only licensed gaming activities are legal and all other gaming activities are strictly prohibited. Given these circumstances, it is imperative to eliminate any potential corrupt influence in the gaming industry and the electoral process. Banning political campaign contributions by certain persons subject to this Section to State officeholders and candidates for such offices and to county and municipal officeholders and candidates for such offices in counties and municipalities that receive financial benefits from gaming activities is necessary to prevent corruption and the appearance of corruption that may arise when political campaign contributions and gaming that is regulated by the State and that confers benefits on counties and municipalities are intermingled.

The General Assembly has prohibited political campaign contributions to certain State and local officeholders and candidates for such offices by certain persons with State of Illinois and Metropolitan Pier and Exposition Authority contracts and pending bids or proposals for contracts of over \$50,000 and certain individuals and entities affiliated with such persons. Certain gaming licensees will receive receipts far in excess of the base level of contract amounts subject to such other campaign contribution prohibitions.

(b) As used in this Section:

"Affiliated entity" means (i) any corporate parent and each operating subsidiary of the business entity applying for or holding a license, (ii) each operating subsidiary of the corporate parent of the business entity applying for or holding a license, (iii) any organization recognized by the United States Internal Revenue Service as a tax-exempt organization described in Section 501(c) of the Internal Revenue Code of 1986 (or any successor provision of federal tax law) established by one or more business entities seeking or holding a license, any affiliated entity of such business entity, or any affiliated person of such business entity, and (iv) any political committee for which the business entity applying for or holding a license, or any 501(c) organization described in item (iii) related to that business entity, is the sponsoring entity, as defined in Section 9-3 of the Election Code. For purposes of item (iv), the funding of all business entities applying for or holding a license shall be aggregated in determining whether such political committee is an affiliated entity.

"Affiliated person" means (i) any person with any ownership interest or distributive share in excess of 7.5% of any business entity applying for or holding a license, (ii) executive employees of any such business entity, (iii) any person designated as a key person under this Act, and (iv) the spouse of such persons.

"Contribution" means a contribution as defined in Section 9-1.4 of the Election Code.

"Declared candidate" means a person who has filed a statement of candidacy and petition for nomination or election in the principal office of the State Board of Elections, or in the office of the appropriate election authority for any county or municipality in which a casino or electronic gaming device is located or proposed or which receives any gaming revenue.

"Executive employee" means any person who is (i) an officer or director or who fulfills duties equivalent to those of an officer or director of a business entity applying for or holding a license and (ii) any employee of such business entity who is required to register under the Lobbyist Registration Act.

"License" means any owner, electronic gaming, or manager license issued pursuant to this Act.

"Officeholder" means the Governor, Lieutenant Governor, Attorney General, Secretary of State, Comptroller, Treasurer, member of the General Assembly, or any officeholder in any county or municipality in which a riverboat, casino, or electronic gaming device is located or proposed or which receives any gaming revenue.

"Business entity" means any entity doing business for profit, whether organized as a corporation, partnership, sole proprietorship, limited liability company, or partnership or otherwise.

(c) Any person or business entity applying for or holding a license, any affiliated entities or persons of such business entity, and any entities or persons soliciting a contribution or causing a contribution to be made on behalf of such person or business entity, are prohibited from making any contribution to any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate, as defined in Section 9-1.8 of the Election Code. This prohibition shall commence upon filing of an application for a license and shall continue for a period of 2 years after termination, suspension, or revocation of the license.

The Board shall have authority to suspend, revoke, or restrict the license and to impose civil penalties of up to \$100,000 for each violation of this subsection (c). A notice of each such violation and the penalty imposed shall be published on the Board's website and in the Illinois Register. Payments received by the State pursuant to this subsection (c) shall be deposited into the General Revenue Fund.

Any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate that has received a contribution in violation of this subsection (c) shall pay an amount equal to the value of the contribution to the State no more than 30 days after notice of the violation concerning the contribution appears in the Illinois Register. Payments received by the State pursuant to this subsection (c) shall be deposited into the General Revenue Fund.

(d) The Board shall post on its website a list of all persons, business entities, and affiliated entities prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c), which list shall be updated and published on, at a minimum, a semiannual basis.

Any person, business entity, or affiliated entity prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c) shall notify the Board within 7 days after discovering any necessary change or addition to the information relating to that person, business entity, or affiliated entity contained in the list.

An individual who acts in good faith and in reliance on any information contained in the list shall not be subject to any penalties or liability imposed for a violation of this Section.

(e) If any provision of this Section is held invalid or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect the other provisions or applications of this Section that can be given effect without the invalid application or provision.

(230 ILCS 10/19) (from Ch. 120, par. 2419)

Sec. 19. Forfeiture of property.

(a) Except as provided in subsection (b), any riverboat, casino, or electronic gaming facility used for the conduct of gambling games in violation of this Act shall be considered a gambling place in violation of Section 28-3 of the Criminal Code of 2012. Every gambling device found on a riverboat, in a casino, or at an electronic gaming facility operating gambling games in violation of this Act and every slot machine and video game of chance found at an electronic gaming facility operating gambling games in violation of this Act or the Chicago Casino Development Authority Act shall be subject to seizure, confiscation and destruction as provided in Section 28-5 of the Criminal Code of 2012.

(b) It is not a violation of this Act for a riverboat or other watercraft which is licensed for gaming by a contiguous state to dock on the shores of this State if the municipality having jurisdiction of the shores, or the county in the case of unincorporated areas, has granted permission for docking and no gaming is conducted on the riverboat or other watercraft while it is docked on the shores of this State. No gambling device shall be subject to seizure, confiscation or destruction if the gambling device is located on a riverboat or other watercraft which is licensed for gaming by a contiguous state and which is docked on

the shores of this State if the municipality having jurisdiction of the shores, or the county in the case of unincorporated areas, has granted permission for docking and no gaming is conducted on the riverboat or other watercraft while it is docked on the shores of this State.

(Source: P.A. 97-1150, eff. 1-25-13.)

(230 ILCS 10/20) (from Ch. 120, par. 2420)

Sec. 20. Prohibited activities - civil penalties. Any person who conducts a gambling operation without first obtaining a license to do so, or who continues to conduct such games after revocation of his license, or any licensee who conducts or allows to be conducted any unauthorized gambling games on a riverboat, in a casino, or at an electronic gaming facility where it is authorized to conduct its riverboat gambling operation, in addition to other penalties provided, shall be subject to a civil penalty equal to the amount of gross receipts derived from wagering on the gambling games, whether unauthorized or authorized, conducted on that day as well as confiscation and forfeiture of all gambling game equipment used in the conduct of unauthorized gambling games.

(Source: P.A. 86-1029.)

(230 ILCS 10/21) (from Ch. 120, par. 2421)

Sec. 21. Limitation on taxation of licensees. Licensees shall not be subjected to any excise tax, license tax, permit tax, privilege tax, occupation tax or excursion tax which is imposed exclusively upon the licensee by the State or any political subdivision thereof, except as provided in this Act or the Chicago Casino Development Authority Act.

(Source: P.A. 86-1029.)

(230 ILCS 10/23) (from Ch. 120, par. 2423)

Sec. 23. The State Gaming Fund. On or after the effective date of this Act, except as provided for payments into the Horse Racing Equity Trust Fund under subsection (a) of Section 7, all of the fees and taxes collected pursuant to this Act or the Chicago Casino Development Authority Act shall be deposited into the State Gaming Fund, a special fund in the State Treasury, which is hereby created. The adjusted gross receipts of any riverboat gambling operations conducted by a licensed manager on behalf of the State remaining after the payment of the fees and expenses of the licensed manager shall be deposited into the State Gaming Fund. Fines and penalties collected pursuant to this Act or the Chicago Casino Development Authority Act shall be deposited into the Education Assistance Fund, created by Public Act 86-0018, of the State of Illinois.

(Source: P.A. 93-28, eff. 6-20-03; 94-804, eff. 5-26-06.)

(230 ILCS 10/24)

Sec. 24. Applicability of ~~this Illinois Riverboat Gambling Act~~. The provisions of the ~~this Illinois Riverboat Gambling Act~~, and all rules promulgated thereunder, shall apply to the the Chicago Casino Development Authority Act and the Video Gaming Act, except where there is a conflict between the 2 Acts. In the event of a conflict between this Act and the Chicago Casino Development Authority Act, the terms of the Chicago Casino Development Authority Act shall prevail. In the event of a conflict between this Act and the Video Gaming Act, the terms of this Act shall prevail.

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

Section 90-42. The Video Gaming Act is amended by changing Sections 5, 25, 45, 79, and 80 and by adding Section 81 as follows:

(230 ILCS 40/5)

Sec. 5. Definitions. As used in this Act:

"Board" means the Illinois Gaming Board.

"Credit" means one, 5, 10, or 25 cents either won or purchased by a player.

"Distributor" means an individual, partnership, corporation, or limited liability company licensed under this Act to buy, sell, lease, or distribute video gaming terminals or major components or parts of video gaming terminals to or from terminal operators.

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

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

"Licensed terminal handler" means a person, including but not limited to an employee or independent contractor working for a manufacturer, distributor, supplier, technician, or terminal operator, who is licensed under this Act to possess or control a video gaming terminal or to have access to the inner workings of a video gaming terminal. A licensed terminal handler does not include an individual,

partnership, corporation, or limited liability company defined as a manufacturer, distributor, supplier, technician, or terminal operator under this Act.

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

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

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

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

"Licensed establishment" means any licensed retail establishment where alcoholic liquor is drawn, poured, mixed, or otherwise served for consumption on the premises and includes any such establishment that has a contractual relationship with an inter-track wagering location licensee licensed under the Illinois Horse Racing Act of 1975, provided any contractual relationship shall not include any transfer or offer of revenue from the operation of video gaming under this Act to any licensee licensed under the Illinois Horse Racing Act of 1975. Provided, however, that the licensed establishment that has such a contractual relationship with an inter-track wagering location licensee may not, itself, be (i) an inter-track wagering location licensee, (ii) the corporate parent or subsidiary of any licensee licensed under the Illinois Horse Racing Act of 1975, or (iii) the corporate subsidiary of a corporation that is also the corporate parent or subsidiary of any licensee licensed under the Illinois Horse Racing Act of 1975. "Licensed establishment" does not include a facility operated by an organization licensee, an inter-track wagering licensee, or an inter-track wagering location licensee licensed under the Illinois Horse Racing Act of 1975 or a riverboat licensed under the Illinois Riverboat Gambling Act, except as provided in this paragraph.

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

"Licensed veterans establishment" means the location where a qualified veterans organization that derives its charter from a national veterans organization regularly meets.

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

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-1410, eff. 7-30-10; 96-1479, eff. 8-23-10; 97-333, eff. 8-12-11.)

(230 ILCS 40/25)

Sec. 25. Restriction of licensees.

(a) Manufacturer. A person may not be licensed as a manufacturer of a video gaming terminal in Illinois unless the person has a valid manufacturer's license issued under this Act. A manufacturer may only sell video gaming terminals for use in Illinois to persons having a valid distributor's license.

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

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

[March 6, 2013]

operator that violates one or more requirements of this subsection is guilty of a Class 4 felony and is subject to termination of his or her license by the Board.

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

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

(e) Licensed establishment. No video gaming terminal may be placed in any licensed establishment, licensed veterans establishment, licensed truck stop establishment, or licensed fraternal establishment unless the owner or agent of the owner of the licensed establishment, licensed veterans establishment, licensed truck stop establishment, or licensed fraternal establishment has entered into a written use agreement with the terminal operator for placement of the terminals. A copy of the use agreement shall be on file in the terminal operator's place of business and available for inspection by individuals authorized by the Board. A licensed establishment, licensed truck stop establishment, licensed veterans establishment, or licensed fraternal establishment may operate up to 5 video gaming terminals on its premises at any time.

(f) (Blank).

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

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

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

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

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

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

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

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

(h) Location restriction. A licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment that is (i) located within 1,000 feet of a facility operated by an organization licensee or an inter-track wagering licensee licensed under the Illinois Horse Racing Act of 1975 or the home dock of a riverboat licensed under the ~~Illinois Riverboat~~ Gambling Act or (ii) located within 100 feet of a school or a place of worship under the Religious Corporation Act, is ineligible to operate a video gaming terminal. The location restrictions in this subsection (h) do not apply if a facility operated by an organization licensee, an inter-track wagering licensee, or an inter-track wagering location licensee, a school, or a place of worship moves to or is established within the restricted area after a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment becomes licensed under this Act. For the purpose of this subsection, "school" means an elementary or secondary public school, or an elementary or secondary private school registered with or recognized by the State Board of Education.

Notwithstanding the provisions of this subsection (h), the Board may waive the requirement that a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment not be located within 1,000 feet from a facility operated by an organization licensee, an inter-track wagering licensee, or an inter-track wagering location licensee licensed under the

Illinois Horse Racing Act of 1975 or the home dock of a riverboat licensed under the Illinois Riverboat Gambling Act. The Board shall not grant such waiver if there is any common ownership or control, shared business activity, or contractual arrangement of any type between the establishment and the organization licensee, inter-track wagering licensee, inter-track wagering location licensee, or owners licensee of a riverboat. The Board shall adopt rules to implement the provisions of this paragraph.

(i) Undue economic concentration. In addition to considering all other requirements under this Act, in deciding whether to approve the operation of video gaming terminals by a terminal operator in a location, the Board shall consider the impact of any economic concentration of such operation of video gaming terminals. The Board shall not allow a terminal operator to operate video gaming terminals if the Board determines such operation will result in undue economic concentration. For purposes of this Section, "undue economic concentration" means that a terminal operator would have such actual or potential influence over video gaming terminals in Illinois as to:

- (1) substantially impede or suppress competition among terminal operators;
- (2) adversely impact the economic stability of the video gaming industry in Illinois; or
- (3) negatively impact the purposes of the Video Gaming Act.

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

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

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38, eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1410, eff. 7-30-10; 96-1479, eff. 8-23-10; 97-333, eff. 8-12-11.)

(230 ILCS 40/45)

Sec. 45. Issuance of license.

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

(a-5) The Board shall not grant a license to a person who has facilitated, enabled, or participated in the use of coin-operated devices for gambling purposes or who is under the significant influence or control of such a person. For the purposes of this Act, "facilitated, enabled, or participated in the use of coin-operated amusement devices for gambling purposes" means that the person has been convicted of any violation of Article 28 of the Criminal Code of 1961 or the Criminal Code of 2012. If there is pending legal action against a person for any such violation, then the Board shall delay the licensure of that person until the legal action is resolved.

(b) Each person seeking and possessing a license as a video gaming terminal manufacturer, distributor, supplier, operator, handler, licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment shall submit to a background investigation conducted by the Board with the assistance of the State Police or other law enforcement. The background investigation shall include each beneficiary of a trust, each partner of a partnership, and each director and officer and all stockholders of 5% or more in a parent or subsidiary corporation of a video gaming terminal manufacturer, distributor, supplier, operator, or licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment.

(c) Each person seeking and possessing a license as a video gaming terminal manufacturer, distributor, supplier, operator, handler, licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment shall disclose the identity of every person, association, trust, corporation, or limited liability company having a greater than 1% direct or indirect pecuniary interest in the video gaming terminal operation for which the license is sought. If the disclosed entity is a trust, the application shall disclose the names and addresses of the beneficiaries; if a corporation, the names and addresses of all stockholders and directors; if a limited liability company, the names and addresses of all members; or if a partnership, the names and addresses of all partners, both general and limited.

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

- (1) have a background, including a criminal record, reputation, habits, social or

[March 6, 2013]

business associations, or prior activities that pose a threat to the public interests of the State or to the security and integrity of video gaming;

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

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

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

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

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

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

- (1) Manufacturer.....\$10,000
- (2) Distributor.....\$10,000
- (3) Terminal operator.....\$5,000
- (4) Supplier.....\$2,000
- (5) Technician.....\$100
- (6) Licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment.....\$100
- (7) Video gaming terminal.....\$100
- (8) Terminal Handler.....\$50

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-38, eff. 7-13-09; 96-1000, eff. 7-2-10; 96-1410, eff. 7-30-10; 97-1150, eff. 1-25-13.)

(230 ILCS 40/79)

Sec. 79. Investigators. Investigators appointed by the Board pursuant to the powers conferred upon the Board by paragraph (20.6) of subsection (c) of Section 5 of the ~~Illinois Riverboat~~ Gambling Act and Section 80 of this Act shall have authority to conduct investigations, searches, seizures, arrests, and other duties imposed under this Act and the ~~Illinois Riverboat~~ Gambling Act, as deemed necessary by the Board. These investigators have and may exercise all of the rights and powers of peace officers, provided that these powers shall be (1) limited to offenses or violations occurring or committed in connection with conduct subject to this Act, including, but not limited to, the manufacture, distribution, supply, operation, placement, service, maintenance, or play of video gaming terminals and the distribution of profits and collection of revenues resulting from such play, and (2) exercised, to the fullest extent practicable, in cooperation with the local police department of the applicable municipality or, if these powers are exercised outside the boundaries of an incorporated municipality or within a municipality that does not have its own police department, in cooperation with the police department whose jurisdiction encompasses the applicable locality.

(Source: P.A. 97-809, eff. 7-13-12.)

(230 ILCS 40/80)

Sec. 80. Applicability of Illinois ~~Riverboat~~ Gambling Act. The provisions of the Illinois ~~Riverboat~~ Gambling Act, and all rules promulgated thereunder, shall apply to the Video Gaming Act, except where there is a conflict between the 2 Acts. In the event of a conflict between the 2 Acts, the provisions of the Illinois Gambling Act shall prevail. All provisions of the Uniform Penalty and Interest Act shall apply, as far as practicable, to the subject matter of this Act to the same extent as if such provisions were included herein.

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

(230 ILCS 40/81 new)

Sec. 81. Prohibition of political contributions from certain licensees and applicants.

(a) The General Assembly has a compelling interest in protecting the integrity of both the electoral process and the legislative process by preventing corruption and the appearance of corruption which may arise through permitting certain political campaign contributions by certain persons involved in the gaming industry and regulated by the State. Unlike most other regulated industries, gaming is especially

susceptible to corruption and potential criminal influence.

In Illinois, only licensed gaming activities are legal and all other gaming activities are strictly prohibited. Given these circumstances, it is imperative to eliminate any potential corrupt influence in the gaming industry and the electoral process. Banning political campaign contributions by certain persons subject to this Section to State officeholders and candidates for such offices and to county and municipal officeholders and candidates for such offices in counties and municipalities that receive financial benefits from gaming activities is necessary to prevent corruption and the appearance of corruption that may arise when political campaign contributions and gaming that is regulated by the State and that confers benefits on counties and municipalities are intermingled.

(b) As used in this Section:

"Affiliated entity" means (i) any corporate parent and each operating subsidiary of the business entity applying for or holding a license, (ii) each operating subsidiary of the corporate parent of the business entity applying for or holding a license, (iii) any organization recognized by the United States Internal Revenue Service as a tax-exempt organization described in Section 501(c) of the Internal Revenue Code of 1986 (or any successor provision of federal tax law) established by one or more business entities seeking or holding a license, any affiliated entity of such business entity, or any affiliated person of such business entity, and (iv) any political committee for which the business entity applying for or holding a license, or any 501(c) organization described in item (iii) related to that business entity, is the sponsoring entity, as defined in Section 9-3 of the Election Code. For purposes of item (iv), the funding of all business entities applying for or holding a license shall be aggregated in determining whether such political committee is an affiliated entity.

"Affiliated person" means (i) any person with any ownership interest or distributive share in excess of 7.5% of any business entity applying for or holding a license, (ii) executive employees of any such business entity, (iii) any person designated as a person of significant influence and control under the Video Gaming Act, and (iv) the spouse of such persons.

"Business entity" means any entity doing business for profit, whether organized as a corporation, partnership, sole proprietorship, limited liability company, or partnership or otherwise.

"Contribution" means a contribution as defined in Section 9-1.4 of the Election Code.

"Declared candidate" means a person who has filed a statement of candidacy and petition for nomination or election in the principal office of the State Board of Elections, or in the office of the appropriate election authority for any county or municipality in which a video gaming terminal is located or proposed or which receives any video gaming revenue.

"Executive employee" means any person who is an officer or director or who fulfills duties equivalent to those of an officer or director of a business entity applying for or holding a license; and (ii) any employee of such business entity who is required to register under the Lobbyist Registration Act.

"License" means any terminal operator license issued pursuant to this Act.

"Officeholder" means the Governor, Lieutenant Governor, Attorney General, Secretary of State, Comptroller, Treasurer, member of the General Assembly, or any officeholder in any county or municipality in which a video gaming terminal is located or proposed or which receives any video gaming revenue.

(c) Any person or business entity applying for or holding a license, any affiliated entities or persons of such business entity, and any entities or persons soliciting a contribution or causing a contribution to be made on behalf of such person or business entity, are prohibited from making any contribution to any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate, as defined in Section 9-1.8 of the Election Code. This prohibition shall commence upon filing of an application for a license and shall continue for a period of 2 years after termination, suspension or revocation of the license.

The Board shall have authority to suspend, revoke, or restrict the license and to impose civil penalties of up to \$100,000, for each violation of this subsection (c). A notice of each such violation and the penalty imposed shall be published on the Board's website and in the Illinois Register. Payments received by the State pursuant to this subsection shall be deposited into the General Revenue Fund.

Any officeholder or declared candidate or any political committee affiliated with any officeholder or declared candidate that has received a contribution in violation of this subsection (c) shall pay an amount equal to the value of the contribution to the State no more than 30 days after notice of the violation concerning the contribution appears in the Illinois Register. Payments received by the State pursuant to this subsection shall be deposited into the General Revenue Fund.

(d) The Board shall post on its website a list of all persons, business entities, and affiliated entities prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c), which list shall be updated and published on, at a minimum, a semiannual

basis.

Any person, business entity, or affiliated entity prohibited from making contributions to any officeholder or declared candidate political committee pursuant to subsection (c) of this Section shall notify the Board within 7 days after discovering any necessary change or addition to the information relating to that person, business entity, or affiliated entity contained in the list.

An individual who acts in good faith and in reliance on any information contained in the list shall not be subject to any penalties or liability imposed for a violation of this Section.

(e) If any provision of this Section is held invalid or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect the other provisions or applications of this Section that can be given effect without the invalid application or provision.

Section 90-45. The Liquor Control Act of 1934 is amended by changing Sections 5-1 and 6-30 as follows:

(235 ILCS 5/5-1) (from Ch. 43, par. 115)

Sec. 5-1. Licenses issued by the Illinois Liquor Control Commission shall be of the following classes:

(a) Manufacturer's license - Class 1. Distiller, Class 2. Rectifier, Class 3. Brewer, Class 4. First Class Wine Manufacturer, Class 5. Second Class Wine Manufacturer, Class 6. First Class Winemaker, Class 7. Second Class Winemaker, Class 8. Limited Wine Manufacturer, Class 9. Craft Distiller, Class 10. Craft Brewer,

(b) Distributor's license,

(c) Importing Distributor's license,

(d) Retailer's license,

(e) Special Event Retailer's license (not-for-profit),

(f) Railroad license,

(g) Boat license,

(h) Non-Beverage User's license,

(i) Wine-maker's premises license,

(j) Airplane license,

(k) Foreign importer's license,

(l) Broker's license,

(m) Non-resident dealer's license,

(n) Brew Pub license,

(o) Auction liquor license,

(p) Caterer retailer license,

(q) Special use permit license,

(r) Winery shipper's license.

No person, firm, partnership, corporation, or other legal business entity that is engaged in the manufacturing of wine may concurrently obtain and hold a wine-maker's license and a wine manufacturer's license.

(a) A manufacturer's license shall allow the manufacture, importation in bulk, storage, distribution and sale of alcoholic liquor to persons without the State, as may be permitted by law and to licensees in this State as follows:

Class 1. A Distiller may make sales and deliveries of alcoholic liquor to distillers, rectifiers, importing distributors, distributors and non-beverage users and to no other licensees.

Class 2. A Rectifier, who is not a distiller, as defined herein, may make sales and deliveries of alcoholic liquor to rectifiers, importing distributors, distributors, retailers and non-beverage users and to no other licensees.

Class 3. A Brewer may make sales and deliveries of beer to importing distributors and distributors and may make sales as authorized under subsection (e) of Section 6-4 of this Act.

Class 4. A first class wine-manufacturer may make sales and deliveries of up to 50,000 gallons of wine to manufacturers, importing distributors and distributors, and to no other licensees.

Class 5. A second class Wine manufacturer may make sales and deliveries of more than 50,000 gallons of wine to manufacturers, importing distributors and distributors and to no other licensees.

Class 6. A first-class wine-maker's license shall allow the manufacture of up to 50,000 gallons of wine per year, and the storage and sale of such wine to distributors in the State and to persons without the State, as may be permitted by law. A person who, prior to the effective date of this amendatory Act of the 95th General Assembly, is a holder of a first-class wine-maker's license and annually produces more than 25,000 gallons of its own wine and who distributes its wine to licensed retailers shall cease this practice on or before July 1, 2008 in compliance with this amendatory Act of the 95th General

[March 6, 2013]

Assembly.

Class 7. A second-class wine-maker's license shall allow the manufacture of between 50,000 and 150,000 gallons of wine per year, and the storage and sale of such wine to distributors in this State and to persons without the State, as may be permitted by law. A person who, prior to the effective date of this amendatory Act of the 95th General Assembly, is a holder of a second-class wine-maker's license and annually produces more than 25,000 gallons of its own wine and who distributes its wine to licensed retailers shall cease this practice on or before July 1, 2008 in compliance with this amendatory Act of the 95th General Assembly.

Class 8. A limited wine-manufacturer may make sales and deliveries not to exceed 40,000 gallons of wine per year to distributors, and to non-licensees in accordance with the provisions of this Act.

Class 9. A craft distiller license shall allow the manufacture of up to 15,000 gallons of spirits by distillation per year and the storage of such spirits. If a craft distiller licensee is not affiliated with any other manufacturer, then the craft distiller licensee may sell such spirits to distributors in this State and non-licensees to the extent permitted by any exemption approved by the Commission pursuant to Section 6-4 of this Act.

Any craft distiller licensed under this Act who on the effective date of this amendatory Act of the 96th General Assembly was licensed as a distiller and manufactured no more spirits than permitted by this Section shall not be required to pay the initial licensing fee.

Class 10. A craft brewer's license, which may only be issued to a licensed brewer or licensed non-resident dealer, shall allow the manufacture of up to 465,000 gallons of beer per year. A craft brewer licensee may make sales and deliveries to importing distributors and distributors and to retail licensees in accordance with the conditions set forth in paragraph (18) of subsection (a) of Section 3-12 of this Act.

(a-1) A manufacturer which is licensed in this State to make sales or deliveries of alcoholic liquor and which enlists agents, representatives, or individuals acting on its behalf who contact licensed retailers on a regular and continual basis in this State must register those agents, representatives, or persons acting on its behalf with the State Commission.

Registration of agents, representatives, or persons acting on behalf of a manufacturer is fulfilled by submitting a form to the Commission. The form shall be developed by the Commission and shall include the name and address of the applicant, the name and address of the manufacturer he or she represents, the territory or areas assigned to sell to or discuss pricing terms of alcoholic liquor, and any other questions deemed appropriate and necessary. All statements in the forms required to be made by law or by rule shall be deemed material, and any person who knowingly misstates any material fact under oath in an application is guilty of a Class B misdemeanor. Fraud, misrepresentation, false statements, misleading statements, evasions, or suppression of material facts in the securing of a registration are grounds for suspension or revocation of the registration.

(b) A distributor's license shall allow the wholesale purchase and storage of alcoholic liquors and sale of alcoholic liquors to licensees in this State and to persons without the State, as may be permitted by law.

(c) An importing distributor's license may be issued to and held by those only who are duly licensed distributors, upon the filing of an application by a duly licensed distributor, with the Commission and the Commission shall, without the payment of any fee, immediately issue such importing distributor's license to the applicant, which shall allow the importation of alcoholic liquor by the licensee into this State from any point in the United States outside this State, and the purchase of alcoholic liquor in barrels, casks or other bulk containers and the bottling of such alcoholic liquors before resale thereof, but all bottles or containers so filled shall be sealed, labeled, stamped and otherwise made to comply with all provisions, rules and regulations governing manufacturers in the preparation and bottling of alcoholic liquors. The importing distributor's license shall permit such licensee to purchase alcoholic liquor from Illinois licensed non-resident dealers and foreign importers only.

(d) A retailer's license shall allow the licensee to sell and offer for sale at retail, only in the premises specified in the license, alcoholic liquor for use or consumption, but not for resale in any form. Nothing in this amendatory Act of the 95th General Assembly shall deny, limit, remove, or restrict the ability of a holder of a retailer's license to transfer, deliver, or ship alcoholic liquor to the purchaser for use or consumption subject to any applicable local law or ordinance. Any retail license issued to a manufacturer shall only permit the manufacturer to sell beer at retail on the premises actually occupied by the manufacturer. For the purpose of further describing the type of business conducted at a retail licensed premises, a retailer's licensee may be designated by the State Commission as (i) an on premise consumption retailer, (ii) an off premise sale retailer, or (iii) a combined on premise consumption and off premise sale retailer.

Notwithstanding any other provision of this subsection (d), a retail licensee may sell alcoholic liquors

to a special event retailer licensee for resale to the extent permitted under subsection (e).

(e) A special event retailer's license (not-for-profit) shall permit the licensee to purchase alcoholic liquors from an Illinois licensed distributor (unless the licensee purchases less than \$500 of alcoholic liquors for the special event, in which case the licensee may purchase the alcoholic liquors from a licensed retailer) and shall allow the licensee to sell and offer for sale, at retail, alcoholic liquors for use or consumption, but not for resale in any form and only at the location and on the specific dates designated for the special event in the license. An applicant for a special event retailer license must (i) furnish with the application: (A) a resale number issued under Section 2c of the Retailers' Occupation Tax Act or evidence that the applicant is registered under Section 2a of the Retailers' Occupation Tax Act, (B) a current, valid exemption identification number issued under Section 1g of the Retailers' Occupation Tax Act, and a certification to the Commission that the purchase of alcoholic liquors will be a tax-exempt purchase, or (C) a statement that the applicant is not registered under Section 2a of the Retailers' Occupation Tax Act, does not hold a resale number under Section 2c of the Retailers' Occupation Tax Act, and does not hold an exemption number under Section 1g of the Retailers' Occupation Tax Act, in which event the Commission shall set forth on the special event retailer's license a statement to that effect; (ii) submit with the application proof satisfactory to the State Commission that the applicant will provide dram shop liability insurance in the maximum limits; and (iii) show proof satisfactory to the State Commission that the applicant has obtained local authority approval.

(f) A railroad license shall permit the licensee to import alcoholic liquors into this State from any point in the United States outside this State and to store such alcoholic liquors in this State; to make wholesale purchases of alcoholic liquors directly from manufacturers, foreign importers, distributors and importing distributors from within or outside this State; and to store such alcoholic liquors in this State; provided that the above powers may be exercised only in connection with the importation, purchase or storage of alcoholic liquors to be sold or dispensed on a club, buffet, lounge or dining car operated on an electric, gas or steam railway in this State; and provided further, that railroad licensees exercising the above powers shall be subject to all provisions of Article VIII of this Act as applied to importing distributors. A railroad license shall also permit the licensee to sell or dispense alcoholic liquors on any club, buffet, lounge or dining car operated on an electric, gas or steam railway regularly operated by a common carrier in this State, but shall not permit the sale for resale of any alcoholic liquors to any licensee within this State. A license shall be obtained for each car in which such sales are made.

(g) A boat license shall allow the sale of alcoholic liquor in individual drinks, on any passenger boat regularly operated as a common carrier on navigable waters in this State or on any riverboat operated under the Illinois Riverboat Gambling Act, which boat or riverboat maintains a public dining room or restaurant thereon.

(h) A non-beverage user's license shall allow the licensee to purchase alcoholic liquor from a licensed manufacturer or importing distributor, without the imposition of any tax upon the business of such licensed manufacturer or importing distributor as to such alcoholic liquor to be used by such licensee solely for the non-beverage purposes set forth in subsection (a) of Section 8-1 of this Act, and such licenses shall be divided and classified and shall permit the purchase, possession and use of limited and stated quantities of alcoholic liquor as follows:

Class 1, not to exceed	500 gallons
Class 2, not to exceed	1,000 gallons
Class 3, not to exceed	5,000 gallons
Class 4, not to exceed	10,000 gallons
Class 5, not to exceed	50,000 gallons

(i) A wine-maker's premises license shall allow a licensee that concurrently holds a first-class wine-maker's license to sell and offer for sale at retail in the premises specified in such license not more than 50,000 gallons of the first-class wine-maker's wine that is made at the first-class wine-maker's licensed premises per year for use or consumption, but not for resale in any form. A wine-maker's premises license shall allow a licensee who concurrently holds a second-class wine-maker's license to sell and offer for sale at retail in the premises specified in such license up to 100,000 gallons of the second-class wine-maker's wine that is made at the second-class wine-maker's licensed premises per year for use or consumption but not for resale in any form. A wine-maker's premises license shall allow a licensee that concurrently holds a first-class wine-maker's license or a second-class wine-maker's license to sell and offer for sale at retail at the premises specified in the wine-maker's premises license, for use or consumption but not for resale in any form, any beer, wine, and spirits purchased from a licensed distributor. Upon approval from the State Commission, a wine-maker's premises license shall allow the licensee to sell and offer for sale at (i) the wine-maker's licensed premises and (ii) at up to 2 additional locations for use and consumption and not for resale. Each location shall require additional licensing per

location as specified in Section 5-3 of this Act. A wine-maker's premises licensee shall secure liquor liability insurance coverage in an amount at least equal to the maximum liability amounts set forth in subsection (a) of Section 6-21 of this Act.

(j) An airplane license shall permit the licensee to import alcoholic liquors into this State from any point in the United States outside this State and to store such alcoholic liquors in this State; to make wholesale purchases of alcoholic liquors directly from manufacturers, foreign importers, distributors and importing distributors from within or outside this State; and to store such alcoholic liquors in this State; provided that the above powers may be exercised only in connection with the importation, purchase or storage of alcoholic liquors to be sold or dispensed on an airplane; and provided further, that airplane licensees exercising the above powers shall be subject to all provisions of Article VIII of this Act as applied to importing distributors. An airplane licensee shall also permit the sale or dispensing of alcoholic liquors on any passenger airplane regularly operated by a common carrier in this State, but shall not permit the sale for resale of any alcoholic liquors to any licensee within this State. A single airplane license shall be required of an airline company if liquor service is provided on board aircraft in this State. The annual fee for such license shall be as determined in Section 5-3.

(k) A foreign importer's license shall permit such licensee to purchase alcoholic liquor from Illinois licensed non-resident dealers only, and to import alcoholic liquor other than in bulk from any point outside the United States and to sell such alcoholic liquor to Illinois licensed importing distributors and to no one else in Illinois; provided that (i) the foreign importer registers with the State Commission every brand of alcoholic liquor that it proposes to sell to Illinois licensees during the license period, (ii) the foreign importer complies with all of the provisions of Section 6-9 of this Act with respect to registration of such Illinois licensees as may be granted the right to sell such brands at wholesale, and (iii) the foreign importer complies with the provisions of Sections 6-5 and 6-6 of this Act to the same extent that these provisions apply to manufacturers.

(l) (i) A broker's license shall be required of all persons who solicit orders for, offer to sell or offer to supply alcoholic liquor to retailers in the State of Illinois, or who offer to retailers to ship or cause to be shipped or to make contact with distillers, rectifiers, brewers or manufacturers or any other party within or without the State of Illinois in order that alcoholic liquors be shipped to a distributor, importing distributor or foreign importer, whether such solicitation or offer is consummated within or without the State of Illinois.

No holder of a retailer's license issued by the Illinois Liquor Control Commission shall purchase or receive any alcoholic liquor, the order for which was solicited or offered for sale to such retailer by a broker unless the broker is the holder of a valid broker's license.

The broker shall, upon the acceptance by a retailer of the broker's solicitation of an order or offer to sell or supply or deliver or have delivered alcoholic liquors, promptly forward to the Illinois Liquor Control Commission a notification of said transaction in such form as the Commission may by regulations prescribe.

(ii) A broker's license shall be required of a person within this State, other than a retail licensee, who, for a fee or commission, promotes, solicits, or accepts orders for alcoholic liquor, for use or consumption and not for resale, to be shipped from this State and delivered to residents outside of this State by an express company, common carrier, or contract carrier. This Section does not apply to any person who promotes, solicits, or accepts orders for wine as specifically authorized in Section 6-29 of this Act.

A broker's license under this subsection (l) shall not entitle the holder to buy or sell any alcoholic liquors for his own account or to take or deliver title to such alcoholic liquors.

This subsection (l) shall not apply to distributors, employees of distributors, or employees of a manufacturer who has registered the trademark, brand or name of the alcoholic liquor pursuant to Section 6-9 of this Act, and who regularly sells such alcoholic liquor in the State of Illinois only to its registrants thereunder.

Any agent, representative, or person subject to registration pursuant to subsection (a-1) of this Section shall not be eligible to receive a broker's license.

(m) A non-resident dealer's license shall permit such licensee to ship into and warehouse alcoholic liquor into this State from any point outside of this State, and to sell such alcoholic liquor to Illinois licensed foreign importers and importing distributors and to no one else in this State; provided that (i) said non-resident dealer shall register with the Illinois Liquor Control Commission each and every brand of alcoholic liquor which it proposes to sell to Illinois licensees during the license period, (ii) it shall comply with all of the provisions of Section 6-9 hereof with respect to registration of such Illinois licensees as may be granted the right to sell such brands at wholesale, and (iii) the non-resident dealer shall comply with the provisions of Sections 6-5 and 6-6 of this Act to the same extent that these provisions apply to manufacturers.

(n) A brew pub license shall allow the licensee (i) to manufacture beer only on the premises specified in the license, (ii) to make sales of the beer manufactured on the premises or, with the approval of the Commission, beer manufactured on another brew pub licensed premises that is substantially owned and operated by the same licensee to importing distributors, distributors, and to non-licensees for use and consumption, (iii) to store the beer upon the premises, and (iv) to sell and offer for sale at retail from the licensed premises, provided that a brew pub licensee shall not sell for off-premises consumption more than 50,000 gallons per year. A person who holds a brew pub license may simultaneously hold a craft brewer license if he or she otherwise qualifies for the craft brewer license and the craft brewer license is for a location separate from the brew pub's licensed premises. A brew pub license shall permit a person who has received prior approval from the Commission to annually transfer no more than a total of 50,000 gallons of beer manufactured on premises to all other licensed brew pubs that are substantially owned and operated by the same person.

(o) A caterer retailer license shall allow the holder to serve alcoholic liquors as an incidental part of a food service that serves prepared meals which excludes the serving of snacks as the primary meal, either on or off-site whether licensed or unlicensed.

(p) An auction liquor license shall allow the licensee to sell and offer for sale at auction wine and spirits for use or consumption, or for resale by an Illinois liquor licensee in accordance with provisions of this Act. An auction liquor license will be issued to a person and it will permit the auction liquor licensee to hold the auction anywhere in the State. An auction liquor license must be obtained for each auction at least 14 days in advance of the auction date.

(q) A special use permit license shall allow an Illinois licensed retailer to transfer a portion of its alcoholic liquor inventory from its retail licensed premises to the premises specified in the license hereby created, and to sell or offer for sale at retail, only in the premises specified in the license hereby created, the transferred alcoholic liquor for use or consumption, but not for resale in any form. A special use permit license may be granted for the following time periods: one day or less; 2 or more days to a maximum of 15 days per location in any 12 month period. An applicant for the special use permit license must also submit with the application proof satisfactory to the State Commission that the applicant will provide dram shop liability insurance to the maximum limits and have local authority approval.

(r) A winery shipper's license shall allow a person with a first-class or second-class wine manufacturer's license, a first-class or second-class wine-maker's license, or a limited wine manufacturer's license or who is licensed to make wine under the laws of another state to ship wine made by that licensee directly to a resident of this State who is 21 years of age or older for that resident's personal use and not for resale. Prior to receiving a winery shipper's license, an applicant for the license must provide the Commission with a true copy of its current license in any state in which it is licensed as a manufacturer of wine. An applicant for a winery shipper's license must also complete an application form that provides any other information the Commission deems necessary. The application form shall include an acknowledgement consenting to the jurisdiction of the Commission, the Illinois Department of Revenue, and the courts of this State concerning the enforcement of this Act and any related laws, rules, and regulations, including authorizing the Department of Revenue and the Commission to conduct audits for the purpose of ensuring compliance with this amendatory Act.

A winery shipper licensee must pay to the Department of Revenue the State liquor gallonage tax under Section 8-1 for all wine that is sold by the licensee and shipped to a person in this State. For the purposes of Section 8-1, a winery shipper licensee shall be taxed in the same manner as a manufacturer of wine. A licensee who is not otherwise required to register under the Retailers' Occupation Tax Act must register under the Use Tax Act to collect and remit use tax to the Department of Revenue for all gallons of wine that are sold by the licensee and shipped to persons in this State. If a licensee fails to remit the tax imposed under this Act in accordance with the provisions of Article VIII of this Act, the winery shipper's license shall be revoked in accordance with the provisions of Article VII of this Act. If a licensee fails to properly register and remit tax under the Use Tax Act or the Retailers' Occupation Tax Act for all wine that is sold by the winery shipper and shipped to persons in this State, the winery shipper's license shall be revoked in accordance with the provisions of Article VII of this Act.

A winery shipper licensee must collect, maintain, and submit to the Commission on a semi-annual basis the total number of cases per resident of wine shipped to residents of this State. A winery shipper licensed under this subsection (r) must comply with the requirements of Section 6-29 of this amendatory Act.

(Source: P.A. 96-1367, eff. 7-28-10; 97-5, eff. 6-1-11; 97-455, eff. 8-19-11; 97-813, eff. 7-13-12.)

(235 ILCS 5/6-30) (from Ch. 43, par. 144f)

Sec. 6-30. Notwithstanding any other provision of this Act, the Illinois Gaming Board shall have exclusive authority to establish the hours for sale and consumption of alcoholic liquor on board a

riverboat during riverboat gambling excursions and in a casino conducted in accordance with the Illinois Riverboat Gambling Act.

(Source: P.A. 87-826.)

Section 90-50. The Criminal Code of 2012 is amended by changing Sections 28-1, 28-1.1, 28-3, 28-5, and 28-7 as follows:

(720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

Sec. 28-1. Gambling.

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

- (1) knowingly plays a game of chance or skill for money or other thing of value, unless excepted in subsection (b) of this Section;
- (2) knowingly makes a wager upon the result of any game, contest, or any political nomination, appointment or election;
- (3) knowingly operates, keeps, owns, uses, purchases, exhibits, rents, sells, bargains for the sale or lease of, manufactures or distributes any gambling device;
- (4) contracts to have or give himself or herself or another the option to buy or sell, or contracts to buy or sell, at a future time, any grain or other commodity whatsoever, or any stock or security of any company, where it is at the time of making such contract intended by both parties thereto that the contract to buy or sell, or the option, whenever exercised, or the contract resulting therefrom, shall be settled, not by the receipt or delivery of such property, but by the payment only of differences in prices thereof; however, the issuance, purchase, sale, exercise, endorsement or guarantee, by or through a person registered with the Secretary of State pursuant to Section 8 of the Illinois Securities Law of 1953, or by or through a person exempt from such registration under said Section 8, of a put, call, or other option to buy or sell securities which have been registered with the Secretary of State or which are exempt from such registration under Section 3 of the Illinois Securities Law of 1953 is not gambling within the meaning of this paragraph (4);
- (5) knowingly owns or possesses any book, instrument or apparatus by means of which bets or wagers have been, or are, recorded or registered, or knowingly possesses any money which he has received in the course of a bet or wager;
- (6) knowingly sells pools upon the result of any game or contest of skill or chance, political nomination, appointment or election;
- (7) knowingly sets up or promotes any lottery or sells, offers to sell or transfers any ticket or share for any lottery;
- (8) knowingly sets up or promotes any policy game or sells, offers to sell or knowingly possesses or transfers any policy ticket, slip, record, document or other similar device;
- (9) knowingly drafts, prints or publishes any lottery ticket or share, or any policy ticket, slip, record, document or similar device, except for such activity related to lotteries, bingo games and raffles authorized by and conducted in accordance with the laws of Illinois or any other state or foreign government;
- (10) knowingly advertises any lottery or policy game, except for such activity related to lotteries, bingo games and raffles authorized by and conducted in accordance with the laws of Illinois or any other state;
- (11) knowingly transmits information as to wagers, betting odds, or changes in betting odds by telephone, telegraph, radio, semaphore or similar means; or knowingly installs or maintains equipment for the transmission or receipt of such information; except that nothing in this subdivision (11) prohibits transmission or receipt of such information for use in news reporting of sporting events or contests; or
- (12) knowingly establishes, maintains, or operates an Internet site that permits a person to play a game of chance or skill for money or other thing of value by means of the Internet or to make a wager upon the result of any game, contest, political nomination, appointment, or election by means of the Internet. This item (12) does not apply to activities referenced in items (6) and (6.1) of subsection (b) of this Section.

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

- (1) Agreements to compensate for loss caused by the happening of chance including without limitation contracts of indemnity or guaranty and life or health or accident insurance.
- (2) Offers of prizes, award or compensation to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the owners of animals or vehicles entered in such contest.
- (3) Pari-mutuel betting as authorized by the law of this State.

[March 6, 2013]

(4) Manufacture of gambling devices, including the acquisition of essential parts therefor and the assembly thereof, for transportation in interstate or foreign commerce to any place outside this State when such transportation is not prohibited by any applicable Federal law; or the manufacture, distribution, or possession of video gaming terminals, as defined in the Video Gaming Act, by manufacturers, distributors, and terminal operators licensed to do so under the Video Gaming Act.

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

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

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

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

(8) Raffles when conducted in accordance with the Raffles Act.

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

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

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

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

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

(c) Sentence.

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

(d) Circumstantial evidence.

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

(Source: P.A. 96-34, eff. 7-13-09; 96-37, eff. 7-13-09; 96-1203, eff. 7-22-10; 97-1108, eff. 1-1-13.)

(720 ILCS 5/28-1.1) (from Ch. 38, par. 28-1.1)

Sec. 28-1.1. Syndicated gambling.

(a) Declaration of Purpose. Recognizing the close relationship between professional gambling and other organized crime, it is declared to be the policy of the legislature to restrain persons from engaging in the business of gambling for profit in this State. This Section shall be liberally construed and administered with a view to carrying out this policy.

(b) A person commits syndicated gambling when he or she operates a "policy game" or engages in the business of bookmaking.

(c) A person "operates a policy game" when he or she knowingly uses any premises or property for the purpose of receiving or knowingly does receive from what is commonly called "policy":

(1) money from a person other than the bettor or player whose bets or plays are represented by the money; or

(2) written "policy game" records, made or used over any period of time, from a person other than the bettor or player whose bets or plays are represented by the written record.

(d) A person engages in bookmaking when he or she knowingly receives or accepts more than five bets or wagers upon the result of any trials or contests of skill, speed or power of endurance or upon any lot, chance, casualty, unknown or contingent event whatsoever, which bets or wagers shall be of such size that the total of the amounts of money paid or promised to be paid to the bookmaker on account thereof shall exceed \$2,000. Bookmaking is the receiving or accepting of bets or wagers regardless of the form or manner in which the bookmaker records them.

(e) Participants in any of the following activities shall not be convicted of syndicated gambling:

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

(2) Offers of prizes, award or compensation to the actual contestants in any bona fide contest for the determination of skill, speed, strength or endurance or to the owners of animals or

vehicles entered in the contest;

(3) Pari-mutuel betting as authorized by law of this State;

(4) Manufacture of gambling devices, including the acquisition of essential parts therefor and the assembly thereof, for transportation in interstate or foreign commerce to any place outside this State when the transportation is not prohibited by any applicable Federal law;

(5) Raffles when conducted in accordance with the Raffles Act;

(6) Gambling games conducted on riverboats, in casinos, or at electronic gaming facilities when authorized by the Illinois Riverboat Gambling Act; and

(7) Video gaming terminal games at a licensed establishment, licensed truck stop establishment, licensed fraternal establishment, or licensed veterans establishment when conducted in accordance with the Video Gaming Act.

(f) Sentence. Syndicated gambling is a Class 3 felony.

(Source: P.A. 96-34, eff. 7-13-09; 97-1108, eff. 1-1-13.)

(720 ILCS 5/28-3) (from Ch. 38, par. 28-3)

Sec. 28-3. Keeping a Gambling Place. A "gambling place" is any real estate, vehicle, boat or any other property whatsoever used for the purposes of gambling other than gambling conducted in the manner authorized by the Illinois Riverboat Gambling Act or the Video Gaming Act. Any person who knowingly permits any premises or property owned or occupied by him or under his control to be used as a gambling place commits a Class A misdemeanor. Each subsequent offense is a Class 4 felony. When any premises is determined by the circuit court to be a gambling place:

(a) Such premises is a public nuisance and may be proceeded against as such, and

(b) All licenses, permits or certificates issued by the State of Illinois or any subdivision or public agency thereof authorizing the serving of food or liquor on such premises shall be void; and no license, permit or certificate so cancelled shall be reissued for such premises for a period of 60 days thereafter; nor shall any person convicted of keeping a gambling place be reissued such license for one year from his conviction and, after a second conviction of keeping a gambling place, any such person shall not be reissued such license, and

(c) Such premises of any person who knowingly permits thereon a violation of any Section of this Article shall be held liable for, and may be sold to pay any unsatisfied judgment that may be recovered and any unsatisfied fine that may be levied under any Section of this Article.

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

(720 ILCS 5/28-5) (from Ch. 38, par. 28-5)

Sec. 28-5. Seizure of gambling devices and gambling funds.

(a) Every device designed for gambling which is incapable of lawful use or every device used unlawfully for gambling shall be considered a "gambling device", and shall be subject to seizure, confiscation and destruction by the Department of State Police or by any municipal, or other local authority, within whose jurisdiction the same may be found. As used in this Section, a "gambling device" includes any slot machine, and includes any machine or device constructed for the reception of money or other thing of value and so constructed as to return, or to cause someone to return, on chance to the player thereof money, property or a right to receive money or property. With the exception of any device designed for gambling which is incapable of lawful use, no gambling device shall be forfeited or destroyed unless an individual with a property interest in said device knows of the unlawful use of the device.

(b) Every gambling device shall be seized and forfeited to the county wherein such seizure occurs. Any money or other thing of value integrally related to acts of gambling shall be seized and forfeited to the county wherein such seizure occurs.

(c) If, within 60 days after any seizure pursuant to subparagraph (b) of this Section, a person having any property interest in the seized property is charged with an offense, the court which renders judgment upon such charge shall, within 30 days after such judgment, conduct a forfeiture hearing to determine whether such property was a gambling device at the time of seizure. Such hearing shall be commenced by a written petition by the State, including material allegations of fact, the name and address of every person determined by the State to have any property interest in the seized property, a representation that written notice of the date, time and place of such hearing has been mailed to every such person by certified mail at least 10 days before such date, and a request for forfeiture. Every such person may appear as a party and present evidence at such hearing. The quantum of proof required shall be a preponderance of the evidence, and the burden of proof shall be on the State. If the court determines that the seized property was a gambling device at the time of seizure, an order of forfeiture and disposition of the seized property shall be entered: a gambling device shall be received by the State's Attorney, who shall effect its destruction, except that valuable parts thereof may be liquidated and the resultant money

shall be deposited in the general fund of the county wherein such seizure occurred; money and other things of value shall be received by the State's Attorney and, upon liquidation, shall be deposited in the general fund of the county wherein such seizure occurred. However, in the event that a defendant raises the defense that the seized slot machine is an antique slot machine described in subparagraph (b) (7) of Section 28-1 of this Code and therefore he is exempt from the charge of a gambling activity participant, the seized antique slot machine shall not be destroyed or otherwise altered until a final determination is made by the Court as to whether it is such an antique slot machine. Upon a final determination by the Court of this question in favor of the defendant, such slot machine shall be immediately returned to the defendant. Such order of forfeiture and disposition shall, for the purposes of appeal, be a final order and judgment in a civil proceeding.

(d) If a seizure pursuant to subparagraph (b) of this Section is not followed by a charge pursuant to subparagraph (c) of this Section, or if the prosecution of such charge is permanently terminated or indefinitely discontinued without any judgment of conviction or acquittal (1) the State's Attorney shall commence an in rem proceeding for the forfeiture and destruction of a gambling device, or for the forfeiture and deposit in the general fund of the county of any seized money or other things of value, or both, in the circuit court and (2) any person having any property interest in such seized gambling device, money or other thing of value may commence separate civil proceedings in the manner provided by law.

(e) Any gambling device displayed for sale to a riverboat gambling operation, casino gambling operation, or electronic gaming facility or used to train occupational licensees of a riverboat gambling operation, casino gambling operation, or electronic gaming facility as authorized under the Illinois Riverboat Gambling Act is exempt from seizure under this Section.

(f) Any gambling equipment, devices and supplies provided by a licensed supplier in accordance with the Illinois Riverboat Gambling Act which are removed from a the riverboat , casino, or electronic gaming facility for repair are exempt from seizure under this Section.

(Source: P.A. 87-826.)

(720 ILCS 5/28-7) (from Ch. 38, par. 28-7)

Sec. 28-7. Gambling contracts void.

(a) All promises, notes, bills, bonds, covenants, contracts, agreements, judgments, mortgages, or other securities or conveyances made, given, granted, drawn, or entered into, or executed by any person whatsoever, where the whole or any part of the consideration thereof is for any money or thing of value, won or obtained in violation of any Section of this Article are null and void.

(b) Any obligation void under this Section may be set aside and vacated by any court of competent jurisdiction, upon a complaint filed for that purpose, by the person so granting, giving, entering into, or executing the same, or by his executors or administrators, or by any creditor, heir, legatee, purchaser or other person interested therein; or if a judgment, the same may be set aside on motion of any person stated above, on due notice thereof given.

(c) No assignment of any obligation void under this Section may in any manner affect the defense of the person giving, granting, drawing, entering into or executing such obligation, or the remedies of any person interested therein.

(d) This Section shall not prevent a licensed owner of a riverboat gambling operation, casino gambling operation, or an electronic gaming licensee under the Illinois Gambling Act and the Illinois Horse Racing Act of 1975 from instituting a cause of action to collect any amount due and owing under an extension of credit to a riverboat gambling patron as authorized under Section 11.1 of the Illinois Riverboat Gambling Act.

(Source: P.A. 87-826.)

Section 90-55. The Eminent Domain Act is amended by adding Section 15-5-47 as follows:

(735 ILCS 30/15-5-47 new)

Sec. 15-5-47. Eminent domain powers in new Acts. The following provisions of law may include express grants of the power to acquire property by condemnation or eminent domain:

Chicago Casino Development Authority Act; City of Chicago; for the purposes of the Act.

Section 90-60. The Payday Loan Reform Act is amended by changing Section 3-5 as follows:

(815 ILCS 122/3-5)

Sec. 3-5. Licensure.

(a) A license to make a payday loan shall state the address, including city and state, at which the business is to be conducted and shall state fully the name of the licensee. The license shall be conspicuously posted in the place of business of the licensee and shall not be transferable or assignable.

[March 6, 2013]

(b) An application for a license shall be in writing and in a form prescribed by the Secretary. The Secretary may not issue a payday loan license unless and until the following findings are made:

- (1) that the financial responsibility, experience, character, and general fitness of the applicant are such as to command the confidence of the public and to warrant the belief that the business will be operated lawfully and fairly and within the provisions and purposes of this Act; and
- (2) that the applicant has submitted such other information as the Secretary may deem necessary.

(c) A license shall be issued for no longer than one year, and no renewal of a license may be provided if a licensee has substantially violated this Act and has not cured the violation to the satisfaction of the Department.

(d) A licensee shall appoint, in writing, the Secretary as attorney-in-fact upon whom all lawful process against the licensee may be served with the same legal force and validity as if served on the licensee. A copy of the written appointment, duly certified, shall be filed in the office of the Secretary, and a copy thereof certified by the Secretary shall be sufficient evidence to subject a licensee to jurisdiction in a court of law. This appointment shall remain in effect while any liability remains outstanding in this State against the licensee. When summons is served upon the Secretary as attorney-in-fact for a licensee, the Secretary shall immediately notify the licensee by registered mail, enclosing the summons and specifying the hour and day of service.

(e) A licensee must pay an annual fee of \$1,000. In addition to the license fee, the reasonable expense of any examination or hearing by the Secretary under any provisions of this Act shall be borne by the licensee. If a licensee fails to renew its license by December 31, its license shall automatically expire; however, the Secretary, in his or her discretion, may reinstate an expired license upon:

- (1) payment of the annual fee within 30 days of the date of expiration; and
- (2) proof of good cause for failure to renew.

(f) Not more than one place of business shall be maintained under the same license, but the Secretary may issue more than one license to the same licensee upon compliance with all the provisions of this Act governing issuance of a single license. The location, except those locations already in existence as of June 1, 2005, may not be within one mile of a horse race track subject to the Illinois Horse Racing Act of 1975, within one mile of a facility at which gambling is conducted under the Illinois Riverboat Gambling Act, within one mile of the location at which a riverboat subject to the Illinois Riverboat Gambling Act docks, or within one mile of any State of Illinois or United States military base or naval installation.

(g) No licensee shall conduct the business of making loans under this Act within any office, suite, room, or place of business in which (1) any loans are offered or made under the Consumer Installment Loan Act other than title secured loans as defined in subsection (a) of Section 15 of the Consumer Installment Loan Act and governed by Title 38, Section 110.330 of the Illinois Administrative Code or (2) any other business is solicited or engaged in unless the other business is licensed by the Department or, in the opinion of the Secretary, the other business would not be contrary to the best interests of consumers and is authorized by the Secretary in writing.

(g-5) Notwithstanding subsection (g) of this Section, a licensee may obtain a license under the Consumer Installment Loan Act (CILA) for the exclusive purpose and use of making title secured loans, as defined in subsection (a) of Section 15 of CILA and governed by Title 38, Section 110.300 of the Illinois Administrative Code. A licensee may continue to service Consumer Installment Loan Act loans that were outstanding as of the effective date of this amendatory Act of the 96th General Assembly.

(h) The Secretary shall maintain a list of licensees that shall be available to interested consumers and lenders and the public. The Secretary shall maintain a toll-free number whereby consumers may obtain information about licensees. The Secretary shall also establish a complaint process under which an aggrieved consumer may file a complaint against a licensee or non-licensee who violates any provision of this Act.

(Source: P.A. 96-936, eff. 3-21-11.)

Section 90-65. The Travel Promotion Consumer Protection Act is amended by changing Section 2 as follows:

(815 ILCS 420/2) (from Ch. 121 1/2, par. 1852)

Sec. 2. Definitions.

(a) "Travel promoter" means a person, including a tour operator, who sells, provides, furnishes, contracts for, arranges or advertises that he or she will arrange wholesale or retail transportation by air, land, sea or navigable stream, either separately or in conjunction with other services. "Travel promoter" does not include (1) an air carrier; (2) a sea carrier; (3) an officially appointed agent of an air carrier who

[March 6, 2013]

is a member in good standing of the Airline Reporting Corporation; (4) a travel promoter who has in force \$1,000,000 or more of liability insurance coverage for professional errors and omissions and a surety bond or equivalent surety in the amount of \$100,000 or more for the benefit of consumers in the event of a bankruptcy on the part of the travel promoter; or (5) a riverboat subject to regulation under the Illinois Riverboat Gambling Act.

(b) "Advertise" means to make any representation in the solicitation of passengers and includes communication with other members of the same partnership, corporation, joint venture, association, organization, group or other entity.

(c) "Passenger" means a person on whose behalf money or other consideration has been given or is to be given to another, including another member of the same partnership, corporation, joint venture, association, organization, group or other entity, for travel.

(d) "Ticket or voucher" means a writing or combination of writings which is itself good and sufficient to obtain transportation and other services for which the passenger has contracted.

(Source: P.A. 91-357, eff. 7-29-99.)

(30 ILCS 105/5.490 rep.)

Section 90-70. The State Finance Act is amended by repealing Section 5.490.

(230 ILCS 5/54 rep.)

Section 90-75. The Illinois Horse Racing Act of 1975 is amended by repealing Section 54.

ARTICLE 99.

Section 99-97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

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

There being no further amendments, the foregoing Amendment No. 1 was ordered engrossed, and the bill, as amended, was ordered to a third reading.

READING BILL FROM THE HOUSE OF REPRESENTATIVES A SECOND TIME

On motion of Senator Harmon, **House Bill No. 1560** was taken up, read by title a second time and ordered to a third reading.

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A FIRST TIME

House Bill No. 167, sponsored by Senator Link, was taken up, read by title a first time and referred to the Committee on Assignments.

House Bill No. 958, sponsored by Senator McGuire, was taken up, read by title a first time and referred to the Committee on Assignments.

House Bill No. 1309, sponsored by Senator Silverstein, was taken up, read by title a first time and referred to the Committee on Assignments.

House Bill No. 1311, sponsored by Senator Haine, was taken up, read by title a first time and referred to the Committee on Assignments.

LEGISLATIVE MEASURES FILED

The following Committee amendments to the Senate Bill listed below have been filed with the Secretary and referred to the Committee on Assignments:

Senate Committee Amendment No. 1 to Senate Bill 204

Senate Committee Amendment No. 1 to Senate Bill 574

Senate Committee Amendment No. 1 to Senate Bill 922

[March 6, 2013]

Senate Committee Amendment No. 1 to Senate Bill 1159
Senate Committee Amendment No. 1 to Senate Bill 1229
Senate Committee Amendment No. 1 to Senate Bill 1310
Senate Committee Amendment No. 1 to Senate Bill 1332
Senate Committee Amendment No. 1 to Senate Bill 1443
Senate Committee Amendment No. 1 to Senate Bill 1449
Senate Committee Amendment No. 1 to Senate Bill 1514
Senate Committee Amendment No. 1 to Senate Bill 1651
Senate Committee Amendment No. 1 to Senate Bill 1788
Senate Committee Amendment No. 1 to Senate Bill 1862
Senate Committee Amendment No. 1 to Senate Bill 2182
Senate Committee Amendment No. 1 to Senate Bill 2255
Senate Committee Amendment No. 1 to Senate Bill 2256

The following Floor amendment to the Senate Bill listed below has been filed with the Secretary and referred to the Committee on Assignments:

Senate Floor Amendment No. 1 to Senate Bill 1620

At the hour of 6:40 o'clock p.m., the Chair announced the Senate stand adjourned until Thursday, March 7, 2013, at 12:00 o'clock noon.