



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3432

Introduced 2/16/2018, by Sen. Napoleon Harris, III

SYNOPSIS AS INTRODUCED:

New Act

230 ILCS 10/24

720 ILCS 5/28-1

from Ch. 38, par. 28-1

Creates the Sports Wagering Act. Provides that sports wagering may not be offered in the State until the Illinois Gaming Board determines that federal statutes prohibiting sports wagering have been repealed or the United States Supreme Court finds those federal statutes unconstitutional. Authorizes sports wagering at a gaming facility that is authorized to conduct gambling operations under the Riverboat Gambling Act. Provides that a sports wagering operator may offer sports wagering in-person at the licensed facility and over the Internet through an interactive sports wagering platform. Provides for licensure of interactive sports wagering platforms. Requires a sports wagering operator to verify that a person placing a wager is of the legal minimum age. Requires a sports wagering operator to allow an individual to restrict himself or herself from placing wagers with the operator. Requires the Board to adopt rules concerning standards for a sports wagering operator's advertisements for sports wagering. Provides integrity requirements for a sports wagering operator. Requires a sports wagering operator to maintain all records of bets and wagers placed. Requires a sports wagering operator to submit a report to the Board annually with the number of accounts established, winnings awarded, gross wagering revenue received, and other information. Requires a sports wagering operator to pay a 12.5% tax of its gross sports wagering revenue. Provides civil penalties for a person or entity that knowingly violates provisions under the Act. Provides that all moneys collected under the Act shall be deposited into the State Gaming Fund. Makes conforming changes in the Riverboat Gambling Act and the Criminal Code of 2012.

LRB100 19706 SMS 34980 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning gaming.

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

4 Section 1. Short title. This Act may be cited as the Sports
5 Wagering Act.

6 Section 5. Reconciliation with federal law.

7 (a) Sports wagering may not be offered in this State under
8 this Act until the Board determines that:

9 (1) the federal statutes prohibiting sports wagering
10 and the State regulation of sports wagering in this State
11 and similarly situated states have been repealed or amended
12 to allow this State to permit and regulate sports wagering;
13 or

14 (2) the United States Supreme Court has ruled that a
15 federal statute described in paragraph (1) of this
16 subsection is unconstitutional and may not be applied to
17 prohibit this State from permitting and regulating sports
18 wagering.

19 (b) The Board shall announce any determinations made under
20 subsection (a) on the Board's Internet website within 90 days
21 after a change in federal law or issuance of a relevant United
22 States Supreme Court ruling.

1 Section 10. Definitions. As used in this Act, unless the
2 context requires otherwise:

3 "Board" means the Illinois Gaming Board.

4 "Gaming facility" means a facility in this State that is
5 authorized to conduct gambling operations under the Riverboat
6 Gambling Act.

7 "Gross sports wagering revenue" means the total of cash or
8 cash equivalents an operator receives from sports wagering,
9 less:

10 (1) cash or cash equivalents paid to customers as
11 winnings from sports wagering;

12 (2) cash or cash equivalents paid to purchase annuities
13 to fund prizes payable to players over a period of time as
14 a result of sports wagering;

15 (3) the actual cost paid by the sports wagering
16 operator for any personal property or services distributed
17 to customers as a prize result of sports wagering; and

18 (4) integrity fees remitted to sports governing
19 bodies.

20 "Interactive sports wagering platform" or "platform" means
21 a person or entity that offers sports wagering over the
22 Internet, including on websites and mobile devices, on behalf
23 of a gaming facility.

24 "Sporting event" means a professional, amateur, or
25 collegiate sports or athletic event, a motor race event, a
26 contest of relative skill involving electronic media, or a

1 series of sporting events. "Sporting event" does not include
2 youth events.

3 "Sports governing body" means the organization that
4 prescribes final rules and enforces codes of conduct with
5 respect to a sporting event and participants of a sporting
6 event.

7 "Sports wagering" means wagering on sporting events or
8 portions of sporting events, or on the individual performance
9 statistics of athletes in a sporting event or combination of
10 sporting events, by any system or method of wagering,
11 including, but not limited to, in-person or over the Internet
12 through websites and on mobile devices. "Sports wagering"
13 includes, but is not limited to, single-game bets, teaser bets,
14 parlays, over-under, money line, pools, exchange wagering,
15 in-game wagering, in-play bets, proposition bets, and straight
16 bets. "Sports wagering" does not include:

17 (1) fantasy sports and daily fantasy sports; or

18 (2) gaming that is authorized in this State under the
19 Illinois Horse Racing Act of 1975, the Riverboat Gambling
20 Act, and the Video Gaming Act.

21 "Sports wagering operator" or "operator" means a gaming
22 facility that offers sports wagering or an interactive sports
23 wagering platform that offers sports wagering on behalf of a
24 gaming facility.

25 "Wager" or "bet" means the staking or risking by a person
26 of something of value upon an agreement or understanding that

1 the person or another person will receive something of value in
2 the event of a certain outcome. "Wager" or "bet" does not
3 include:

4 (1) any activity governed by the securities laws of the
5 United States or this State;

6 (2) any contract of indemnity or guarantee;

7 (3) any contract for insurance; or

8 (4) participation in any game or contest in which the
9 participants do not stake or risk anything of value other
10 than personal efforts of the participants in playing the
11 game or contest or obtaining access to the Internet or
12 points or credits that the sponsor of the game or contest
13 provides to participants free of charge and that can be
14 used or redeemed only for participation in games or
15 contests offered by the sponsor.

16 "Youth event" means a sporting event in which the
17 participants are amateurs and primarily under the age of 18
18 years.

19 Section 15. Sports wagering by gaming facilities.

20 (a) Sports wagering may not be offered in this State except
21 by a gaming facility pursuant to this Act.

22 (b) Gaming facilities may offer sports wagering:

23 (1) in-person at the licensed gaming facility; and

24 (2) over the Internet through an interactive sports
25 wagering platform to persons physically located in this

1 State or a jurisdiction that has entered into a reciprocal
2 agreement with this State to allow sports wagering.

3 (c) A gaming facility may contract with an interactive
4 sports wagering platform to administer sports wagering over the
5 Internet on its behalf.

6 (d) Nothing in this Section shall limit the number of
7 sports wagering websites or applications offered by a gaming
8 facility, even if the websites share common data, hosting, and
9 like services.

10 Section 20. Licensing of interactive sports wagering
11 platforms.

12 (a) An interactive sports wagering platform may offer
13 sports wagering on behalf of a gaming facility only if it holds
14 an interactive sports wagering platform license issued by the
15 Board.

16 (b) An applicant for an interactive sports wagering
17 platform license shall:

18 (1) submit an application to the Board in the manner
19 prescribed by the Board to verify the interactive sports
20 wagering platform's eligibility under this Act; and

21 (2) pay an initial fee of \$10,000.

22 (c) Each year on or before the anniversary date of the
23 payment of the initial fee made under paragraph (2) of
24 subsection (b), if the interactive sports wagering platform
25 license has been issued, an interactive sports wagering

1 platform shall pay to the Board an annual license renewal fee
2 of \$5,000.

3 (d) An interactive sports wagering platform that allows its
4 license to lapse without requesting an extension of time may be
5 required to resubmit an initial license application and initial
6 fee. An extension not to exceed 60 days may be granted by the
7 Board upon receipt of the interactive sports wagering
8 platform's written request.

9 (e) Notwithstanding any other provision of law, an
10 interactive sports wagering platform license application and
11 all documents, reports, and data submitted by an interactive
12 sports wagering platform to the Board containing proprietary
13 information, trade secrets, financial information, or personal
14 information about any person shall be treated by the Board as
15 closed records and shall not to be disclosed to the public
16 unless required by a court order or this Act.

17 (f) An interactive sports wagering platform may enter into
18 agreements to offer sports wagering on behalf of one or more
19 gaming facilities without limitation. Such agreements are not
20 prerequisites to obtaining an interactive sports wagering
21 platform license.

22 Section 25. Sports wagering operators; consumer
23 protections.

24 (a) Sports wagering operators shall verify that a person
25 placing a wager is of the legal minimum age for placing the

1 wager.

2 (b) Sports wagering operators shall allow individuals to
3 restrict themselves from placing wagers with the operator,
4 including wager limits, and take reasonable steps to prevent
5 those individuals from placing such wagers, including, upon
6 request of the individual, to share the request with the Board
7 for the sole purpose of disseminating the request to other
8 sports wagering operators.

9 (c) The Board shall adopt rules to ensure that an
10 operator's advertisements for sports wagering:

11 (1) do not target minors or other persons who are
12 ineligible to place wagers, problem gamblers, or other
13 vulnerable persons;

14 (2) disclose the identity of the sports wagering
15 operator;

16 (3) provide information about or links to resources
17 relating to gambling addiction; and

18 (4) are not otherwise false, misleading, or deceptive
19 to a reasonable consumer.

20 Section 30. Integrity requirements.

21 (a) Sports wagering operators shall conduct background
22 checks on newly hired employees and annual background checks on
23 all existing employees. Background checks shall search for
24 criminal history and any charges or convictions involving
25 corruption or manipulation of sporting events and association

1 with organized crime.

2 (b) Sports wagering operators shall employ commercially
3 reasonable methods to:

4 (1) prohibit the operator, directors, officers, and
5 employees of the operator, and any relative living in the
6 same household as those persons, from placing bets with the
7 operator;

8 (2) use publicly available information and any lists of
9 employees and affiliates provided to the sports wagering
10 operator or the Board by a sports governing body, prohibit
11 wagering by an athlete, coach, referee, team owner,
12 employee of a sports governing member or one of its member
13 teams, and player and referee union personnel;

14 (3) prohibit wagering by persons who are under the
15 minimum legal age for placing wagers;

16 (4) prohibit an individual with access to non-public
17 confidential information held by the operator from placing
18 wagers with the operator;

19 (5) prohibit persons from placing wagers as agents or
20 proxies for others; and

21 (6) maintain the security of wagering data, customer
22 data, and other confidential information from unauthorized
23 access and dissemination; however, nothing in this Act
24 shall preclude the use of Internet or cloud-based hosting
25 of that data and information or disclosure as required by a
26 court order, other law, or this Act.

1 (c) A sports governing body may, at its election, notify
2 the Board that it desires to restrict or limit wagering on its
3 sporting events to ensure the integrity of its contests by
4 providing notice in the form and manner as the Board may
5 require, including restrictions on the sources of data and
6 associated video upon which an operator may rely in offering
7 and paying wagers and the bet types that may be offered. Upon
8 receiving the notice, the Board shall publish any such wagering
9 restrictions and limitations. Offering or taking wagers
10 contrary to such restrictions is a violation of this Act.

11 (d) The Board and sports wagering operators shall cooperate
12 with investigations conducted by a sports governing body or law
13 enforcement agencies, including, but not limited to, providing
14 or facilitating the provision of betting information and audio
15 or video files relating to persons placing wagers.

16 (e) Sports wagering operators shall immediately report to
17 the Board any information relating to:

18 (1) criminal or disciplinary proceedings commenced
19 against the sports wagering operator in connection with its
20 operations;

21 (2) abnormal betting activity or patterns that may
22 indicate a concern with the integrity of a sporting event
23 or events;

24 (3) a potential breach of the internal rules and codes
25 of conduct of the sports governing body pertaining to
26 sports wagering;

1 (4) any other conduct that corrupts a betting outcome
2 of a sporting event or events for purposes of financial
3 gain; or

4 (5) suspicious or illegal wagering activities,
5 including use of funds derived from illegal activity,
6 wagers to conceal or launder funds derived from illegal
7 activity, using agents to place wagers, and using false
8 identification.

9 Sports wagering operators shall also immediately report
10 information relating to conduct described in paragraph (3),
11 (4), or (5) to the relevant sports governing body.

12 (f) Sports wagering operators shall maintain the
13 confidentiality of information provided by a sports governing
14 body to the sports wagering operator, unless disclosure is
15 required by this Act, the Board, other law, or a court order.

16 Section 35. Recordkeeping; information sharing.

17 (a) Sports wagering operators shall maintain records of all
18 bets and wagers placed, including personally identifiable
19 information of the bettor, amount and type of bet, time the bet
20 was placed, location of the bet, including the Internet
21 protocol address if applicable, the outcome of the bet, records
22 of abnormal betting activity, and video camera recordings in
23 the case of in-person wagers for at least 3 years after the
24 sporting event occurs and make the data available for
25 inspection upon request of the Board or as required by a court

1 order.

2 (b) If a sports governing body has notified the Board that
3 real-time information sharing for wagers placed on its sporting
4 events is necessary and desirable, sports wagering operators
5 shall share in real time the information required to be
6 retained pursuant to this Section (other than video files) with
7 the sports governing body or its designee respecting wagers on
8 its sporting events.

9 (c) A sports wagering operator shall remit to a sports
10 governing body that it has provided notice to the Board
11 pursuant to subsection (b) an integrity fee of 1% of the amount
12 wagered on its sporting events. The sports wagering operator
13 shall remit integrity fees to the sports governing body at
14 least once per calendar quarter.

15 (d) The Board shall cooperate with a sports governing body
16 and operators to ensure the timely, efficient, and accurate
17 sharing of information and the remittance of proceedings of the
18 integrity fee to the sports governing body.

19 Section 40. Annual report.

20 (a) Each licensed sports wagering operator shall annually
21 submit a report to the Board no later than June 30 of each year
22 that shall include the following information as it shall apply
23 to accounts held by customers located in this State:

24 (1) the total number of new accounts established in the
25 preceding year, as well as the total number of accounts

- 1 permanently closed in the preceding year;
- 2 (2) the total amount of bets received from customers;
- 3 (3) the total amount of winnings awarded to customers;
- 4 (4) the total amount on hold on each type of bet;
- 5 (5) the total amount of gross wagering revenue received
- 6 by the licensed sports wagering operator; and
- 7 (6) the total number of persons that requested to
- 8 exclude themselves from or otherwise limit their
- 9 participation in sports wagering.

10 (b) Upon the submission of the annual report, to such

11 extent the Board deems it to be in the public interest, the

12 Board shall be authorized to conduct a financial audit of any

13 sports wagering operator to ensure compliance with this Act.

14 (c) The Board shall annually publish a report based on the

15 aggregate information provided by all licensed sports wagering

16 operators, which shall be published on the Board's website no

17 later than 180 days after the deadline for the submission of

18 individual reports as specified in this Act.

19 Section 45. Taxation; reporting of customer tax

20 information.

21 (a) For the privilege of offering sports wagering in this

22 State, sports wagering operators shall pay a tax equivalent to

23 12.5% of their gross sports wagering revenue generated within

24 this State, which shall be paid to the Board not less than once

25 per calendar year.

1 (b) The Board shall deposit into the State Gaming Fund all
2 taxes imposed by this Act; any interest and penalties imposed
3 by the Board relating to those taxes; all penalties levied and
4 collected by the Board; and the appropriate funds, cash, or
5 prizes forfeited from sports wagering.

6 (c) Sports wagering operators shall collect and report
7 information to the Board to reasonably ensure that State taxes
8 on prizes from winning wagers are collected from or reported by
9 the person placing the bet or wager, as required by law, at the
10 time of any payment of the proceeds of the bet or wager.

11 Section 50. Imputation. The performance of any act
12 required, or the forbearance of any act prohibited, by this Act
13 by an interactive sports wagering platform shall be imputed to
14 the gaming facility on behalf of which it is operating, and
15 vice versa.

16 Section 55. Civil penalty. A person, firm, corporation,
17 association, agent, or employee who knowingly violates a
18 provision of this Act shall be liable for a civil penalty of
19 not more than \$5,000 for each violation, not to exceed \$50,000
20 for violations arising out of the same transaction or
21 occurrence that may be recovered in a civil action brought by
22 the Board.

23 Section 60. Moneys collected. All moneys collected by the

1 Board under this Act shall be deposited into the State Gaming
2 Fund and used for the administration of this Act.

3 Section 65. Reconciliation with other State law; no
4 liability for information sharing.

5 (a) The provisions of the Riverboat Gambling Act, and all
6 rules adopted thereunder, shall apply to this Act, except where
7 there is a conflict between the 2 Acts.

8 (b) A sports wagering operator shall not be liable under
9 the laws of this State to any party, including customers, for
10 disclosing information as required under this Act and shall not
11 be liable for refusing to disclose information unless required
12 under this Act.

13 Section 905. The Riverboat Gambling Act is amended by
14 changing Section 24 as follows:

15 (230 ILCS 10/24)

16 Sec. 24. Applicability of this ~~Illinois Riverboat Gambling~~
17 Act.

18 (a) The provisions of this ~~the Illinois Riverboat Gambling~~
19 Act, and all rules adopted ~~promulgated~~ thereunder, shall apply
20 to the Video Gaming Act, except where there is a conflict
21 between the 2 Acts.

22 (b) The provisions of this Act, and all rules adopted
23 thereunder, shall apply to the Sports Wagering Act, except

1 where there is a conflict between the 2 Acts.

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

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

5 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

6 Sec. 28-1. Gambling.

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

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

11 (2) knowingly makes a wager upon the result of any
12 game, contest, or any political nomination, appointment or
13 election;

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

17 (4) contracts to have or give himself or herself or
18 another the option to buy or sell, or contracts to buy or
19 sell, at a future time, any grain or other commodity
20 whatsoever, or any stock or security of any company, where
21 it is at the time of making such contract intended by both
22 parties thereto that the contract to buy or sell, or the
23 option, whenever exercised, or the contract resulting
24 therefrom, shall be settled, not by the receipt or delivery

1 of such property, but by the payment only of differences in
2 prices thereof; however, the issuance, purchase, sale,
3 exercise, endorsement or guarantee, by or through a person
4 registered with the Secretary of State pursuant to Section
5 8 of the Illinois Securities Law of 1953, or by or through
6 a person exempt from such registration under said Section
7 8, of a put, call, or other option to buy or sell
8 securities which have been registered with the Secretary of
9 State or which are exempt from such registration under
10 Section 3 of the Illinois Securities Law of 1953 is not
11 gambling within the meaning of this paragraph (4);

12 (5) knowingly owns or possesses any book, instrument or
13 apparatus by means of which bets or wagers have been, or
14 are, recorded or registered, or knowingly possesses any
15 money which he has received in the course of a bet or
16 wager;

17 (6) knowingly sells pools upon the result of any game
18 or contest of skill or chance, political nomination,
19 appointment or election;

20 (7) knowingly sets up or promotes any lottery or sells,
21 offers to sell or transfers any ticket or share for any
22 lottery;

23 (8) knowingly sets up or promotes any policy game or
24 sells, offers to sell or knowingly possesses or transfers
25 any policy ticket, slip, record, document or other similar
26 device;

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

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

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

19 (12) knowingly establishes, maintains, or operates an
20 Internet site that permits a person to play a game of
21 chance or skill for money or other thing of value by means
22 of the Internet or to make a wager upon the result of any
23 game, contest, political nomination, appointment, or
24 election by means of the Internet. This item (12) does not
25 apply to activities referenced in items (6) and (6.1) of
26 subsection (b) of this Section.

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

3 (1) Agreements to compensate for loss caused by the
4 happening of chance including without limitation contracts
5 of indemnity or guaranty and life or health or accident
6 insurance.

7 (2) Offers of prizes, award or compensation to the
8 actual contestants in any bona fide contest for the
9 determination of skill, speed, strength or endurance or to
10 the owners of animals or vehicles entered in such contest.

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

13 (4) Manufacture of gambling devices, including the
14 acquisition of essential parts therefor and the assembly
15 thereof, for transportation in interstate or foreign
16 commerce to any place outside this State when such
17 transportation is not prohibited by any applicable Federal
18 law; or the manufacture, distribution, or possession of
19 video gaming terminals, as defined in the Video Gaming Act,
20 by manufacturers, distributors, and terminal operators
21 licensed to do so under the Video Gaming Act.

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

24 (6) Lotteries when conducted by the State of Illinois
25 in accordance with the Illinois Lottery Law. This exemption
26 includes any activity conducted by the Department of

1 Revenue to sell lottery tickets pursuant to the provisions
2 of the Illinois Lottery Law and its rules.

3 (6.1) The purchase of lottery tickets through the
4 Internet for a lottery conducted by the State of Illinois
5 under the program established in Section 7.12 of the
6 Illinois Lottery Law.

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

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

14 (9) Charitable games when conducted in accordance with
15 the Charitable Games Act.

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

18 (11) Gambling games conducted on riverboats when
19 authorized by the Riverboat Gambling Act.

20 (12) Video gaming terminal games at a licensed
21 establishment, licensed truck stop establishment, licensed
22 fraternal establishment, or licensed veterans
23 establishment when conducted in accordance with the Video
24 Gaming Act.

25 (13) Games of skill or chance where money or other
26 things of value can be won but no payment or purchase is

1 required to participate.

2 (14) Savings promotion raffles authorized under
3 Section 5g of the Illinois Banking Act, Section 7008 of the
4 Savings Bank Act, Section 42.7 of the Illinois Credit Union
5 Act, Section 5136B of the National Bank Act (12 U.S.C.
6 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
7 1463).

8 (15) Sports wagering when conducted in accordance with
9 the Sports Wagering Act.

10 (c) Sentence.

11 Gambling is a Class A misdemeanor. A second or subsequent
12 conviction under subsections (a) (3) through (a) (12), is a Class
13 4 felony.

14 (d) Circumstantial evidence.

15 In prosecutions under this Section circumstantial evidence
16 shall have the same validity and weight as in any criminal
17 prosecution.

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