



Rep. Michael J. Zalewski

Filed: 4/19/2016

09900HB4323ham001

LRB099 15007 AMC 47868 a

1 AMENDMENT TO HOUSE BILL 4323

2 AMENDMENT NO. _____. Amend House Bill 4323 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Fantasy Sports Contest Act.

6 Section 5. Legislative intent. This Act is designed to
7 provide regulation of companies providing access to paid
8 fantasy sports contests and protect Illinois consumers who play
9 paid fantasy sports contests for prizes from unfair acts and
10 practices that may arise in the gaming process. The regulation
11 is also intended to protect the families of persons who play
12 paid fantasy sports contests to the extent that they may be
13 affected by unfair and deceptive practices that lead to
14 unaffordable losses.

15 Section 10. Definitions. In this Act:

1 "Beginner fantasy sports player" means an individual who is
2 at least 21 years of age and who has entered fewer than 51
3 fantasy sports contests offered by a single fantasy sports
4 contest operator.

5 "Board" means the Illinois Gaming Board.

6 "Confidential information" means information related to
7 the play of a fantasy sports contest by fantasy sports players
8 obtained as a result of or by virtue of a person's employment
9 with a fantasy sports contest operator.

10 "Entry fee" means the cash or cash equivalent paid by a
11 fantasy sports player located in Illinois at the time of entry
12 for participation in a fantasy sports contest.

13 "Fantasy sports contest" means any fantasy contest, in
14 which:

15 (1) the value of all prizes and awards offered to
16 winning participants are established and made known to the
17 participants in advance of the contest and their value is
18 not determined by the number of participants or the amount
19 of any fees paid by those participants;

20 (2) all winning outcomes are determined predominantly
21 by accumulated statistical results of the performance of
22 individual athletes in real-world professional athletic
23 competitions; a professional athletic competition does not
24 include any amateur or collegiate level sport; and

25 (3) no winning outcome is based on the score, point
26 spread, or any performance or performances of any single

1 actual team or combination of such teams or solely on any
2 single performance of an individual athlete or player in
3 any single actual event.

4 A fantasy sports contest in a game or contest that involves
5 individual athletes from real-world professional athletic
6 teams, such as football, baseball, basketball, hockey, soccer,
7 and other team sports: (i) shall consist of individual athletes
8 from at least 3 different real-world professional athletic
9 teams and (ii) shall not have more than 4 individual athletes
10 from a single real-world professional athletic team. However,
11 the prohibition contained in item (ii) of this paragraph does
12 not apply to a season-long fantasy sports contest.

13 "Fantasy sports contest operator" means any individual,
14 partnership, corporation, or limited liability company that
15 engages in the business of offering, by means of the Internet,
16 a smart phone application, or other similar electronic or
17 digital media or communication technologies, multiple fantasy
18 sports contests to persons.

19 "Fantasy sports contest platform" means any website, smart
20 phone application, or other portal providing access to a
21 fantasy sports contest.

22 "Fantasy sports contest revenues" means the amount of entry
23 fees collected from fantasy sports players located in Illinois
24 accepted by a fantasy sports contest operator that are not
25 awarded as prizes to fantasy sports players.

26 "Fantasy sports player" means an individual 21 years of age

1 or over who enters into a fantasy sports contest with an entry
2 fee offered by a fantasy sports contest operator.

3 "Highly experienced fantasy sports player" means an
4 individual who is at least 21 years of age and has (1) entered
5 more than 1,000 contests offered by a single fantasy sports
6 contest operator or (2) has won more than 3 prizes valued at
7 \$1,000 or more. Once a fantasy sports player is classified as a
8 highly experienced fantasy sports player, a player shall remain
9 classified as such.

10 "Minor" means an individual under 21 years of age.

11 "Prize" means anything of value, including money, contest
12 credits, merchandise, or admission to another contest.

13 "Scripts" means commands that a fantasy sports
14 contest-related computer program can execute that are created
15 by fantasy sports players (or by third parties for the use of
16 fantasy sports players) to automate processes on a fantasy
17 sports contest platform.

18 "Season-long fantasy sports contest" means a fantasy
19 sports contest offered by a fantasy sports contest operator
20 that is conducted over an entire sports season where the entry
21 fee is paid prior to the start of the season.

22 Section 15. Applicability. This Act and all rules adopted
23 under the authority of this Act shall only apply to fantasy
24 sports contests when an entry fee is paid by a fantasy sports
25 player at the time of entry for participation in a fantasy

1 sports contest.

2 Section 20. Authority of the Board.

3 (a) The Board shall have jurisdiction over and shall
4 supervise all fantasy sports contests governed by this Act. The
5 Board shall have all powers necessary and proper to fully and
6 effectively execute the provisions of this Act, including, but
7 not limited to, the following:

8 (1) To investigate applicants and determine the
9 eligibility of applicants for licenses that best serve the
10 interests of the citizens of Illinois.

11 (2) To adopt such rules as in its judgment may be
12 necessary to protect or enhance the credibility and
13 integrity of fantasy sports contests authorized by this Act
14 and the regulatory process under this Act.

15 (3) To provide for the establishment and collection of
16 all license and registration fees and taxes imposed by this
17 Act and the rules issued pursuant to this Act. All license
18 fees shall be deposited into the State Gaming Fund, and all
19 taxes collected shall be deposited into the Education
20 Assistance Fund.

21 (4) To suspend, revoke, or restrict licenses; to
22 require the removal of a fantasy sports contest operator or
23 an employee of a fantasy sports contest operator for a
24 violation of this Act or a Board rule or for engaging in a
25 fraudulent practice; and to impose civil penalties of up to

1 \$5,000 against individuals and up to \$10,000 or an amount
2 equal to the fantasy sports contest revenues, whichever is
3 larger, against licensees for each violation of any
4 provision of the Act, any rules adopted by the Board, any
5 order of the Board, or any other action which, in the
6 Board's discretion, is a detriment or impediment to fantasy
7 sports contests.

8 (5) To provide for the levy and collection of penalties
9 and fines for the violation of provisions of this Act and
10 the rules adopted under this Act. All such fines and
11 penalties shall be deposited into the State Gaming Fund.

12 (b) The Board shall adopt emergency rules to administer
13 this Act in accordance with Section 5-45 of the Illinois
14 Administrative Procedure Act. For the purposes of the Illinois
15 Administrative Procedure Act, the General Assembly finds that
16 the adoption of rules to implement this Act is deemed an
17 emergency and necessary to the public interest, safety, and
18 welfare.

19 Section 25. Fantasy sports player accounts.

20 (a) A fantasy sports contest operator shall not allow a
21 fantasy sports player to create more than one username or more
22 than one account. A fantasy sports contest operator shall take
23 commercially and technologically reasonable measures to verify
24 a fantasy sports player's true identity and address. A fantasy
25 sports contest operator shall implement and prominently

1 publish procedures to terminate all accounts of a fantasy
2 sports player that establishes or seeks to establish more than
3 one username or more than one account, whether directly or by
4 use of another person as a proxy. The procedures may allow a
5 fantasy sports player that establishes or seeks to establish
6 more than one username or more than one account to retain one
7 account provided that the fantasy sports contest operator
8 investigates and makes a good faith determination that the
9 fantasy sports player's conduct was not intended to obtain a
10 competitive advantage.

11 (b) Fantasy sports contest operators shall not allow
12 fantasy sports players to use a proxy server for the purpose of
13 misrepresenting their location in order to engage in fantasy
14 sports contests.

15 (c) Fantasy sports contest operators shall implement and
16 prominently publish procedures to terminate all accounts of any
17 fantasy sports player that establishes or seeks to establish
18 more than one username or more than one account, whether
19 directly or by use of another person as a proxy. If an account
20 is terminated for establishing or seeking to establish more
21 than one username or more than one account, the account holder
22 is prohibited from establishing another account with that
23 fantasy sports contest operator.

24 (d) Fantasy sports contest operators shall take
25 commercially and technologically reasonable measures to
26 prevent one fantasy sports player from acting as a proxy for

1 another. These measures shall include, without limitation, use
2 of geolocation technologies to prevent simultaneous logins to a
3 single account from geographically inconsistent locations.

4 Section 30. Protection of consumer funds on deposit and
5 compliance with data security requirements.

6 (a) Fantasy sports contest operators shall comply with all
7 applicable State and federal requirements for data security,
8 including, but not limited to, age verification and location
9 software.

10 (b) Funds in fantasy sports players' accounts shall be held
11 in segregated accounts by the fantasy sports contest operators
12 for the fantasy sports players that establish the accounts.
13 Fantasy sports contest operators shall implement and
14 prominently publish procedures that:

15 (1) prevent unauthorized withdrawals from fantasy
16 sports player accounts by fantasy sports contest operators
17 or others;

18 (2) prevent commingling of funds in a fantasy sports
19 player's account with other funds, including, without
20 limitation, funds of the fantasy sports contest operator;
21 fantasy sports player funds shall be segregated from
22 fantasy sports contest operators' operational funds and
23 any other funds held by the fantasy sports contest
24 operator; and

25 (3) address reporting on complaints by fantasy sports

1 players that their accounts have been misallocated,
2 compromised, or otherwise mishandled.

3 (c) Fantasy sports contest operators shall implement and
4 prominently publish procedures that allow any fantasy sports
5 player to permanently close an account at any time and for any
6 reason. The procedures shall allow for cancellation by any
7 means, including, without limitation, by a fantasy sports
8 player on any fantasy sports contest platform used by that
9 fantasy sports player to make deposits into a fantasy sports
10 player account. A copy of a fantasy sports contest operator's
11 procedures shall be submitted to the Board and any changes
12 shall be submitted within 30 days.

13 (d) When a fantasy sports player account is closed, the
14 fantasy sports contest operator shall refund all funds in the
15 account no later than 5 business days after submission of the
16 request or 10 business days after submission of any tax
17 reporting information required by law, whichever is later,
18 unless the fantasy sports contest operator makes a good faith
19 determination that the fantasy sports player engaged in
20 fraudulent or other conduct that would constitute a violation
21 of this Act, rules adopted pursuant to this Act, or the fantasy
22 sports contest operator's policies, in which case, upon notice
23 to the fantasy sports player of that determination, the
24 withdrawal may be held pending a reasonable investigative
25 period to resolve its investigation. For the purposes of this
26 subsection (d), a request for withdrawal shall be considered

1 honored if it is processed by the fantasy sports contest
2 operator, but delayed by a payment processor, a credit card
3 issuer, or the custodian of the financial account.

4 (e) If a prize is awarded to a fantasy sports player with a
5 closed account, that prize, to the extent it consists of funds,
6 shall be distributed by the fantasy sports contest operator
7 within 5 business days, or 10 business days of submission of
8 any tax reporting information required by law, unless the
9 fantasy sports contest operator makes a good faith
10 determination that the fantasy sports player engaged in
11 fraudulent or other conduct that would constitute a violation
12 of this Act or rules adopted pursuant to this Act. If such
13 determination is made, then the prize may be withheld, provided
14 that it is then awarded to another fantasy sports player in the
15 same contest who would have won the prize had the fantasy
16 sports player with the closed account not participated.

17 (f) A fantasy sports contest operator shall close any
18 fantasy player account that is inactive for 2 years and notify
19 the account holder that the account has been closed by email
20 and by mail to the account holder's last known address. When a
21 fantasy sports player account is closed due to inactivity, the
22 fantasy sports contest operator shall refund all funds in the
23 fantasy sports player account within 30 days, subject to the
24 receipt of any tax information required by law. In the event
25 that funds in a closed fantasy sports player account exceed \$5
26 and cannot be refunded and remain unclaimed, the fantasy sports

1 contest operator shall provide notice of the existence of funds
2 to the fantasy sports player no less often than annually for 3
3 years. If the funds in a closed fantasy sports player account
4 are for \$5 or less, such notice shall be provided one time upon
5 the closing of the account. Such notice shall be provided by
6 email and by mail to the account holder's last known address
7 and shall provide a process for claiming the funds. In the
8 event that funds in a closed fantasy sports player account
9 cannot be refunded and remain unclaimed by the fantasy sports
10 player after 3 years, such funds shall be paid by the fantasy
11 sports contest operator to the Unclaimed Property Trust Fund in
12 the Office of the State Treasurer.

13 (g) A fantasy sports contest operator shall prominently
14 publish all contractual terms and conditions and rules of
15 general applicability that affect a fantasy sports player's
16 account. Presentation of such terms, conditions, and rules at
17 the time of onboarding a new fantasy sports player shall not
18 suffice.

19 (h) Fantasy sports player's deposits shall be limited to no
20 more than \$3,000 per quarter. However, a fantasy sports contest
21 operator may establish and prominently publish procedures for
22 temporarily or permanently increasing a fantasy sports
23 player's deposit limit, at the request of the fantasy sports
24 player, above \$3,000 per quarter. Such procedures shall be
25 submitted to the Board.

26 If established by a fantasy sports contest operator, such

1 procedures shall include evaluation of information, including
2 income or asset information, sufficient to establish that the
3 fantasy sports player can afford losses that might result from
4 gameplay at the deposit limit level requested.

5 When a temporary or permanent deposit level limit increase
6 is approved, the fantasy sports contest operator's procedures
7 shall provide for annual re-certification of a player's
8 financial ability to afford losses.

9 Section 35. Restrictions on games offered by a fantasy
10 sports contest operator.

11 (a) All fantasy sports contest operators, except fantasy
12 sports contest operators who only offer season-long fantasy
13 sports contests, shall develop games that are limited to
14 beginner fantasy sports players and shall prohibit fantasy
15 sports players who are not beginner fantasy sports players from
16 participating in those games either directly or through another
17 person as a proxy. A fantasy sports contest operator shall
18 suspend the account of any fantasy sports player who is not a
19 beginner fantasy sports player and attempts to enter a game
20 limited to beginner fantasy sports players directly or through
21 another person as a proxy and shall ban such individual from
22 further play.

23 (b) All fantasy sports contest operators, except fantasy
24 sports contest operators who only offer season-long fantasy
25 sports contests, shall develop games in which highly

1 experienced fantasy sports players cannot participate either
2 directly or through another person as a proxy. A fantasy sports
3 contest operator shall suspend the account of any highly
4 experienced fantasy sports player who attempts to enter a game
5 that excludes highly experienced fantasy sports players
6 directly or through another person as a proxy and shall ban
7 such individual from further play. Fantasy sports contest
8 operators shall identify highly experienced fantasy sports
9 players by a symbol attached to their username, or by other
10 easily visible means, on all fantasy sports contest platforms.

11 (c) Fantasy sports contest operators shall have
12 prominently published rules that govern when each fantasy
13 sports contest shall close or lock. Each fantasy sports contest
14 operator shall also prominently disclose contest-specific
15 information about the time that the contest closes or locks in
16 connection with each contest offered. A fantasy sports contest
17 operator shall strictly enforce all disclosed closing or lock
18 times.

19 (d) Fantasy sports contest operators shall restrict the
20 number of entries into fantasy sports contests in the following
21 manner:

22 (1) Fantasy sports contest operators shall not allow
23 fantasy sports players to submit more than one entry in any
24 fantasy sports contest involving 12 total entries or less.

25 (2) Fantasy sports contest operators shall not allow
26 fantasy sports players to submit more than 2 entries in any

1 fantasy sports contest involving 13 to 36 total entries.

2 (3) Fantasy sports contest operators shall not allow
3 fantasy sports players to submit more than 3 entries in any
4 fantasy sports contest involving 37 to 100 total entries.

5 (4) Fantasy sports contest operators shall not allow
6 fantasy sports players to submit more than 3% of all
7 entries in any contest involving more than 100 total
8 entries.

9 (5) For all advertised fantasy sports contests, the
10 fantasy sports contest operator shall prominently include
11 information about the maximum number of entries that may be
12 submitted for that contest.

13 (e) Fantasy sports contest operators shall allow
14 individuals to restrict themselves from entering fantasy
15 sports contests under this Act. These restrictions shall
16 include, but not be limited to, (1) fantasy sports contest
17 entry limits, (2) limiting play to fantasy sports contest with
18 entry fees below an established limit, and (3) self-imposed
19 deposit limits less than allowed under this Act. Fantasy sports
20 contest operators shall implement and prominently publish
21 procedures for fantasy sports players to implement the
22 restrictions. Fantasy sports players shall have the option to
23 adjust these limits to make them more restrictive of gameplay
24 as often as they like, but shall not have the option to make
25 limits less restrictive of gameplay within 90 days after
26 setting the limits.

1 Section 40. Prohibited activities by a fantasy sports
2 contest operator.

3 (a) No fantasy sports contest operator employee,
4 principal, officer, director, or contractor shall play on any
5 fantasy sports contest platform of any fantasy sports contest
6 operator or play through another person as a proxy. For the
7 purposes of this subsection (a), a contractor is limited to a
8 contractor who can access information of a fantasy sports
9 contest operator related to the conduct of a fantasy sports
10 contest that is not available to other fantasy sports players.
11 Fantasy sports contest operators shall make these restrictions
12 known to all affected individuals and corporate entities.

13 (b) No fantasy sports contest operator employee,
14 principal, officer, director, or contractor shall disclose
15 confidential information that may affect fantasy sports
16 contest gameplay to any person permitted to engage in fantasy
17 sports contest gameplay. Fantasy sports contest operators
18 shall make these restrictions known to all affected individuals
19 and corporate entities.

20 (c) No fantasy sports contest operator shall allow a
21 professional athlete whose individual statistics or
22 performance may be used to determine any part of the outcome of
23 any fantasy sports contest to enter fantasy sports contests in
24 the sports in which he or she participates. A fantasy sports
25 contest operator shall take commercially reasonable efforts to

1 prevent a sports agent, team employee, referee, or league
2 official associated with any competition that is the subject of
3 fantasy sports contests to enter fantasy sports contests in the
4 sport in which he or she participates, nor shall such athlete,
5 sports agent, team official, team representative, referee, or
6 league official play through another person as a proxy.

7 (1) Fantasy sports contest operators shall take
8 commercially reasonable efforts to obtain lists of persons
9 described in this subsection (c) for the purpose of
10 implementing this subsection (c).

11 (2) Fantasy sports contest operators, upon learning of
12 a violation of this subsection (c), shall bar the
13 individual committing the violation from playing in any
14 fantasy sports contest by suspending the individual's
15 account and banning the individual from further play, shall
16 terminate any existing promotional agreements with the
17 individual, and shall refuse to make any new promotional
18 agreements that compensate the individual.

19 (3) Fantasy sports contest operators shall make these
20 restrictions known to all affected individuals and
21 corporate entities.

22 (d) No fantasy sports contest operator shall allow minors
23 to create a fantasy sports contest account. Fantasy sports
24 contest operators shall include age verification measures when
25 establishing a fantasy sports contest account.

26 (e) No fantasy sports contest operator may extend credit to

1 a fantasy sports player.

2 (f) A fantasy sports contest operator shall not permit
3 unauthorized scripts to be used on fantasy sports contest
4 platforms and shall use commercially reasonable efforts to
5 monitor for and to prevent use of such scripts.

6 (g) A fantasy sports contest operator shall bar any
7 individual or corporation found to be using an unauthorized
8 script from playing in any fantasy sports contest by
9 terminating the individual or corporate account and by banning
10 that individual or corporation from further play.

11 (h) A fantasy sports contest operator shall not authorize
12 scripts that provide a player with a competitive advantage over
13 another player.

14 (i) For the purpose of subsections (f), (g), and (h) of
15 this Section, a script shall be treated as offering a
16 competitive advantage for reasons including, but not limited
17 to, its potential use to:

18 (1) facilitate entry of multiple contests with a single
19 line-up;

20 (2) facilitate changes in many line-ups at one time;

21 (3) facilitate use of commercial products designed and
22 distributed by third parties to identify advantageous game
23 strategies; or

24 (4) gather information about the performance of others
25 for the purpose of identifying or entering contests against
26 fantasy sports players who are less likely to be

1 successful.

2 Section 45. Advertising.

3 (a) Advertisements of fantasy sports contest operators
4 shall not depict (i) minors (other than professional athletes
5 who may be minors), (ii) students, (iii) schools, colleges, or
6 universities, or (iv) school, college, or university settings.
7 However, incidental depiction of non-featured minors or minors
8 accompanying adults shall not be a violation of this subsection
9 (a).

10 (b) Fantasy sports contest operators shall not advertise on
11 school, college, or university campuses.

12 (c) Fantasy sports contest operators shall not advertise at
13 amateur athletic competitions, except to the extent that those
14 competitions are played in stadiums where professional
15 competitions are held and where non-digital advertisements
16 have been posted, erected, or otherwise displayed in a manner
17 that would require substantial effort to remove.

18 Section 50. Withholding of delinquent child support.

19 (a) From winnings required to be reported to the Internal
20 Revenue Service on Form 1099, a fantasy sports contest operator
21 shall withhold up to the full amount of winnings necessary to
22 pay the winner's past due child support amount as certified by
23 the Department of Healthcare and Family Services under Section
24 10-17.15 of the Illinois Public Aid Code. Amounts withheld

1 shall be paid to the Department of Healthcare and Family
2 Services by the fantasy sports contest operator, as applicable.

3 (b) In no event shall the total amount withheld from the
4 cash payout exceed the total cash winnings claimed by the
5 obligor. If the cash payout claimed is greater than the amount
6 sufficient to satisfy the obligor's delinquent child support
7 payments, the fantasy sports contest operator shall pay the
8 obligor the remaining balance of the payout.

9 (c) Any fantasy sports player that knowingly claims
10 winnings from a single fantasy sports contest in a manner to
11 intentionally avoid reporting winnings to the Internal Revenue
12 Service shall be guilty of a Class A misdemeanor. Fantasy
13 sports contest operators shall take commercially and
14 technologically reasonable measures to ensure fantasy sports
15 players comply with all reporting requirements. If a fantasy
16 sports contest operator reasonably believes that the fantasy
17 sports player engaged in conduct that would constitute a
18 violation of federal reporting requirements, the fantasy
19 sports contest operator shall bar the individual committing the
20 violation from playing in any fantasy sports contest by
21 suspending the individual's account and banning such
22 individual from further play until the individual provides the
23 fantasy sports contest operator proof that the individual has
24 resolved all compliance issues with the Internal Revenue
25 Service.

26 (d) A fantasy sports contest operator who in good faith

1 complies with the requirements of this Section shall not be
2 liable to the gaming winner or any other individual or entity.

3 (e) Upon request of a fantasy sports contest operator under
4 this Act, an agent of the Board (such as a gaming special agent
5 employed by the Board, a State police officer, or a revenue
6 agent) shall be responsible for notifying the person identified
7 as being delinquent in child support payments that the fantasy
8 sports contest operator is required by law to withhold all or a
9 portion of his or her winnings. If given, this notification
10 must be provided at the time the winnings are withheld.

11 (f) The provisions of this Section shall be operative on
12 and after the date that rules are adopted by the Department of
13 Healthcare and Family Services pursuant to Section 10-17.15 of
14 the Illinois Public Aid Code.

15 (g) The delinquent child support required to be withheld
16 under this Section has priority over any secured or unsecured
17 claim on cash winnings, except claims for federal or State
18 taxes that are required to be withheld under federal or State
19 law.

20 Section 55. Audits. All fantasy sports contest operators
21 with annual fantasy sports contest revenue of \$100,000 or more
22 shall annually be subject to an audit of the financial
23 transactions and condition of the fantasy sports contest
24 operator's total operations as they relate to the offering and
25 operating of fantasy sports contests and to ensure compliance

1 with all of the requirements in this Act. Fantasy sports
2 contest operators with annual fantasy sports contest revenues
3 less than \$100,000 shall every 3 years be subject to an audit
4 of the financial transactions and condition of the fantasy
5 sports contest operator's total operations as they relate to
6 the offering and operating of fantasy sports contests and to
7 ensure compliance with all of the requirements in this Act. All
8 audits and compliance engagements shall be conducted by
9 certified public accountants or an independent testing
10 laboratory approved by the Board. Each certified public
11 accountant must be registered in the State of Illinois under
12 the Illinois Public Accounting Act. The compensation for each
13 certified public accountant or independent testing laboratory
14 shall be paid directly by the fantasy sports contest operator
15 to the certified public accountant or independent testing
16 laboratory. The audit shall be conducted and submitted to the
17 Board by January 31 of each year.

18 Section 60. Annual reports. All fantasy sports contest
19 operators licensed by the Board must annually submit a report
20 to the Board no later than January 31 of each year. Information
21 included in the report shall include:

22 (1) the number of fantasy sports player accounts with
23 the fantasy sports contest operator; this shall be broken
24 down between beginner fantasy sports players and highly
25 experienced fantasy sports players;

- 1 (2) the number of new accounts established;
- 2 (3) the number of accounts closed;
- 3 (4) the total amount of entry fees received from
4 fantasy sports players located in Illinois;
- 5 (5) the total amount of prizes awarded to fantasy
6 sports players located in Illinois;
- 7 (6) the total amount of fantasy sports contest revenue;
- 8 (7) the number of fantasy sports players that are
9 located in Illinois that requested deposit limit
10 increases; and
- 11 (8) the number of deposit limit increases granted to
12 fantasy sports players located in Illinois by the fantasy
13 sports contest operator.

14 Section 65. Application for licensure; background
15 investigation; fees.

16 (a) A qualified person may apply to the Board for a
17 fantasy sports contest operators license to conduct fantasy
18 sports contests as provided in this Act. The application shall
19 be made on forms provided by the Board. The burden is upon each
20 applicant to demonstrate suitability for licensure. Each
21 fantasy sports contest operator shall be licensed by the Board.
22 The Board may issue a license for a period of up to 2 years or,
23 in the case of fantasy sports contest operators with annual
24 fantasy sports revenues less than \$100,000, for up to 3 years .

25 (b) Each person seeking and possessing a license as a

1 fantasy sports contest operator shall submit to a background
2 investigation conducted by the Board with the assistance of the
3 State Police or other law enforcement. To the extent that the
4 corporate structure of the applicant allows, the background
5 investigation shall include any or all of the following as the
6 Board deems appropriate or as provided by rule: (i) each
7 beneficiary of a trust, (ii) each partner of a partnership,
8 (iii) each member of a limited liability company, (iv) each
9 director and officer of a publicly or non-publicly held
10 corporation, (v) each stockholder of a non-publicly held
11 corporation, (vi) each stockholder of 5% or more of a publicly
12 held corporation, or (vii) each stockholder of 5% or more in a
13 parent or subsidiary corporation.

14 (c) Each person seeking and possessing a license as a
15 fantasy sports contest operator shall disclose the identity of
16 every person, association, trust, corporation, or limited
17 liability company having a greater than 1% direct or indirect
18 pecuniary interest in the fantasy sports contest operator for
19 which the license is sought. If the disclosed entity is a
20 trust, the application shall disclose the names and addresses
21 of the beneficiaries; if a corporation, the names and addresses
22 of all stockholders and directors; if a limited liability
23 company, the names and addresses of all members; or if a
24 partnership, the names and addresses of all partners, both
25 general and limited.

26 (d) All information, records, interviews, reports,

1 statements, memoranda, or other data supplied to or used by the
2 Board in the course of its review or investigation of an
3 application for a license or a renewal under this Act shall be
4 privileged and strictly confidential and shall be used only for
5 the purpose of evaluating an applicant for a license or a
6 renewal. The information, records, interviews, reports,
7 statements, memoranda, or other data shall not be admissible as
8 evidence nor discoverable in any action of any kind in any
9 court or before any tribunal, board, agency, or person, except
10 for any action deemed necessary by the Board.

11 (e) No person may be licensed as a fantasy sports contest
12 operator if that person has been found by the Board to:

13 (1) have a background, including a criminal record,
14 reputation, habits, social or business associations, or
15 prior activities, that poses a threat to the public
16 interests of the State or to the security and integrity of
17 fantasy sports contests;

18 (2) create or enhance the dangers of unsuitable,
19 unfair, or illegal practices, methods, and activities in
20 the conduct of fantasy sports contests; or

21 (3) present questionable business practices and
22 financial arrangements incidental to the conduct of
23 fantasy sports contests.

24 (f) Any applicant for a license under this Act has the
25 burden of proving his or her qualifications to the satisfaction
26 of the Board. The Board may adopt rules to establish additional

1 qualifications and requirements to preserve the integrity and
2 security of fantasy sports contests in this State.

3 (g) A fantasy sports contest operator that has been
4 operating in Illinois for at least 6 months on December 23,
5 2015 may operate in Illinois until a final decision is rendered
6 on the application for a fantasy sports contest operator
7 license.

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

- 11 (1) Fantasy sports contest operator with annual
12 fantasy sports contest revenue greater
13 than \$10,000,000 \$25,000
- 14 (2) Fantasy sports contest operator with annual
15 fantasy sports contest revenue greater than
16 \$5,000,000 but not more than \$10,000,000 \$12,500
- 17 (3) Fantasy sports contest operator with annual
18 fantasy sports contest revenue greater than
19 \$1,000,000 but not more than \$5,000,000 \$7,500
- 20 (4) Fantasy sports contest operator with annual
21 fantasy sports contest revenue greater than
22 \$100,000 but not more than \$1,000,000 \$5,000
- 23 (5) Fantasy sports contest operator with annual
24 fantasy sports contest revenue less
25 than \$100,000 \$500

26 (i) The Board shall establish a fee for each license not to

1 exceed the following for the initial licensure period:

2 (1) Fantasy sports contest operator with annual
3 fantasy sports contest revenue greater
4 than \$10,000,000 \$50,000

5 (2) Fantasy sports contest operator with annual
6 fantasy sports contest revenue greater than
7 \$5,000,000 but not more than \$10,000,000 \$25,000

8 (3) Fantasy sports contest operator with annual
9 fantasy sports contest revenue greater than
10 \$1,000,000 but not more than \$5,000,000 \$15,000

11 (4) Fantasy sports contest operator with annual
12 fantasy sports contest revenue greater than
13 \$100,000 but not more than \$1,000,000 \$10,000

14 (5) Fantasy sports contest operator with annual
15 fantasy sports contest revenue less
16 than \$100,000 \$1,500

17 (j) For subsequent licensure periods, the renewal fee shall
18 not exceed the following:

19 (1) Fantasy sports contest operator with annual
20 fantasy sports contest revenue greater
21 than \$10,000,000 \$37,500

22 (2) Fantasy sports contest operator with annual
23 fantasy sports contest revenue greater than
24 \$5,000,000 but not more than \$10,000,000 \$18,750

25 (3) Fantasy sports contest operator with annual
26 fantasy sports contest revenue greater than

1	\$1,000,000 but no more than \$5,000,000	\$11,250
2	(4) Fantasy sports contest operator with annual	
3	fantasy sports contest revenue greater than	
4	\$100,000 but not more than \$1,000,000	\$7,500
5	(5) Fantasy sports contest operator with annual	
6	fantasy sports contest revenue less	
7	than \$100,000	\$1,125

8 Section 70. Distribution of license fees.

9 (a) All fees collected under Section 65 of this Act shall
10 be deposited into the State Gaming Fund.

11 (b) Fees collected under Section 65 of this Act shall be
12 used for the administration of this Act.

13 (c) All licenses issued by the Board under this Act are
14 renewable every 2 years for fantasy sports contest operators
15 with annual fantasy sports contest revenues of \$100,000 or more
16 and every 3 years for fantasy sports contest operators with
17 annual fantasy sports contest revenues less than \$100,000
18 unless sooner cancelled or terminated. No license issued under
19 this Act is transferable or assignable.

20 Section 75. Imposition and distribution of tax.

21 (a) A privilege tax is imposed on persons engaged in the
22 business of operating fantasy sports contests based on the
23 fantasy sports contest revenues received by a fantasy sports
24 contest operator licensed under this Act at the following

1 graduated tax rates:

2 (1) 5% of annual fantasy sports contest revenues up to
3 and including \$1,000,000;

4 (2) 7.5% of annual fantasy sports contest revenues in
5 excess of \$1,000,000 but not exceeding \$3,000,000;

6 (3) 10% of annual fantasy sports contest revenues in
7 excess of \$3,000,000 but not exceeding \$8,000,000;

8 (4) 15% of annual fantasy sports contest revenues in
9 excess of \$8,000,000 but not exceeding \$15,000,000; and

10 (5) 22.5% of annual fantasy sports contest revenues in
11 excess of \$15,000,000;

12 (b) The taxes imposed by this Section shall be paid by the
13 fantasy sports contest operator to the Board not later than the
14 fifteenth day of every month for the previous month's privilege
15 taxes. All payments not remitted when due shall be paid
16 together with a penalty assessment on the unpaid balance at a
17 rate of 1.5% per month.

18 (c) All of the tax collected under this Section shall be
19 deposited into the Education Assistance Fund.

20 Section 80. Limitation on taxation of fantasy sports
21 contest operators. Fantasy sports contest operators shall not
22 be subjected to any excise tax, license tax, permit tax,
23 privilege tax, or occupation tax that is imposed exclusively
24 upon the licensee by the State or any political subdivision
25 thereof, except as provided in this Act.

1 Section 900. The Regulatory Sunset Act is amended by
2 changing Section 4.30 as follows:

3 (5 ILCS 80/4.30)

4 Sec. 4.30. Acts repealed on January 1, 2020. The following
5 Acts are repealed on January 1, 2020:

6 The Auction License Act.

7 The Community Association Manager Licensing and
8 Disciplinary Act.

9 The Illinois Architecture Practice Act of 1989.

10 The Illinois Landscape Architecture Act of 1989.

11 The Illinois Professional Land Surveyor Act of 1989.

12 The Land Sales Registration Act of 1999.

13 The Orthotics, Prosthetics, and Pedorthics Practice Act.

14 The Perfusionist Practice Act.

15 The Professional Engineering Practice Act of 1989.

16 The Real Estate License Act of 2000.

17 The Structural Engineering Practice Act of 1989.

18 The Fantasy Sports Contest Act.

19 (Source: P.A. 96-610, eff. 8-24-09; 96-626, eff. 8-24-09;
20 96-682, eff. 8-25-09; 96-726, eff. 7-1-10; 96-730, eff.
21 8-25-09; 96-855, eff. 12-31-09; 96-856, eff. 12-31-09;
22 96-1000, eff. 7-2-10.)

23 Section 905. The Illinois Public Aid Code is amended by

1 changing Section 10-17.15 as follows:

2 (305 ILCS 5/10-17.15)

3 Sec. 10-17.15. Certification of information to State
4 gaming licensees.

5 (a) For purposes of this Section, "State gaming licensee"
6 means, as applicable, an organization licensee or advance
7 deposit wagering licensee licensed under the Illinois Horse
8 Racing Act of 1975, an owners licensee licensed under the
9 Riverboat Gambling Act, ~~or~~ a licensee that operates, under any
10 law of this State, one or more facilities or gaming locations
11 at which lawful gambling is authorized and licensed as provided
12 in the Riverboat Gambling Act, or a fantasy sports contest
13 operator licensed under the Fantasy Sports Contest Act.

14 (b) The Department may provide, by rule, for certification
15 to any State gaming licensee of past due child support owed by
16 a responsible relative under a support order entered by a court
17 or administrative body of this or any other State on behalf of
18 a resident or non-resident receiving child support services
19 under this Article in accordance with the requirements of Title
20 IV-D, Part D, of the Social Security Act. The State gaming
21 licensee shall have the ability to withhold from winnings
22 required to be reported to the Internal Revenue Service on Form
23 W-2G, up to the full amount of winnings necessary to pay the
24 winner's past due child support. The rule shall provide for
25 notice to and an opportunity to be heard by each responsible

1 relative affected and any final administrative decision
2 rendered by the Department shall be reviewed only under and in
3 accordance with the Administrative Review Law.

4 (c) For withholding of winnings, the State gaming licensee
5 shall be entitled to an administrative fee not to exceed the
6 lesser of 4% of the total amount of cash winnings paid to the
7 gambling winner or \$150.

8 (d) In no event may the total amount withheld from the cash
9 payout, including the administrative fee, exceed the total cash
10 winnings claimed by the obligor. If the cash payout claimed is
11 greater than the amount sufficient to satisfy the obligor's
12 delinquent child support payments, the State gaming licensee
13 shall pay the obligor the remaining balance of the payout, less
14 the administrative fee authorized by subsection (c) of this
15 Section, at the time it is claimed.

16 (e) A State gaming licensee who in good faith complies with
17 the requirements of this Section shall not be liable to the
18 gaming winner or any other individual or entity.

19 (Source: P.A. 98-318, eff. 8-12-13.)

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

22 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

23 Sec. 28-1. Gambling.

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

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

4 (2) knowingly makes a wager upon the result of any
5 game, contest, or any political nomination, appointment or
6 election;

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

10 (4) contracts to have or give himself or herself or
11 another the option to buy or sell, or contracts to buy or
12 sell, at a future time, any grain or other commodity
13 whatsoever, or any stock or security of any company, where
14 it is at the time of making such contract intended by both
15 parties thereto that the contract to buy or sell, or the
16 option, whenever exercised, or the contract resulting
17 therefrom, shall be settled, not by the receipt or delivery
18 of such property, but by the payment only of differences in
19 prices thereof; however, the issuance, purchase, sale,
20 exercise, endorsement or guarantee, by or through a person
21 registered with the Secretary of State pursuant to Section
22 8 of the Illinois Securities Law of 1953, or by or through
23 a person exempt from such registration under said Section
24 8, of a put, call, or other option to buy or sell
25 securities which have been registered with the Secretary of
26 State or which are exempt from such registration under

1 Section 3 of the Illinois Securities Law of 1953 is not
2 gambling within the meaning of this paragraph (4);

3 (5) knowingly owns or possesses any book, instrument or
4 apparatus by means of which bets or wagers have been, or
5 are, recorded or registered, or knowingly possesses any
6 money which he has received in the course of a bet or
7 wager;

8 (6) knowingly sells pools upon the result of any game
9 or contest of skill or chance, political nomination,
10 appointment or election;

11 (7) knowingly sets up or promotes any lottery or sells,
12 offers to sell or transfers any ticket or share for any
13 lottery;

14 (8) knowingly sets up or promotes any policy game or
15 sells, offers to sell or knowingly possesses or transfers
16 any policy ticket, slip, record, document or other similar
17 device;

18 (9) knowingly drafts, prints or publishes any lottery
19 ticket or share, or any policy ticket, slip, record,
20 document or similar device, except for such activity
21 related to lotteries, bingo games and raffles authorized by
22 and conducted in accordance with the laws of Illinois or
23 any other state or foreign government;

24 (10) knowingly advertises any lottery or policy game,
25 except for such activity related to lotteries, bingo games
26 and raffles authorized by and conducted in accordance with

1 the laws of Illinois or any other state;

2 (11) knowingly transmits information as to wagers,
3 betting odds, or changes in betting odds by telephone,
4 telegraph, radio, semaphore or similar means; or knowingly
5 installs or maintains equipment for the transmission or
6 receipt of such information; except that nothing in this
7 subdivision (11) prohibits transmission or receipt of such
8 information for use in news reporting of sporting events or
9 contests; or

10 (12) knowingly establishes, maintains, or operates an
11 Internet site that permits a person to play a game of
12 chance or skill for money or other thing of value by means
13 of the Internet or to make a wager upon the result of any
14 game, contest, political nomination, appointment, or
15 election by means of the Internet. This item (12) does not
16 apply to activities referenced in items (6) and (6.1) of
17 subsection (b) of this Section. This item (12) does not
18 apply to activities referenced in item (15) subsection (b)
19 of this Section.

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

22 (1) Agreements to compensate for loss caused by the
23 happening of chance including without limitation contracts
24 of indemnity or guaranty and life or health or accident
25 insurance.

26 (2) Offers of prizes, award or compensation to the

1 actual contestants in any bona fide contest for the
2 determination of skill, speed, strength or endurance or to
3 the owners of animals or vehicles entered in such contest.

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

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

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

17 (6) Lotteries when conducted by the State of Illinois
18 in accordance with the Illinois Lottery Law. This exemption
19 includes any activity conducted by the Department of
20 Revenue to sell lottery tickets pursuant to the provisions
21 of the Illinois Lottery Law and its rules.

22 (6.1) The purchase of lottery tickets through the
23 Internet for a lottery conducted by the State of Illinois
24 under the program established in Section 7.12 of the
25 Illinois Lottery Law.

26 (7) Possession of an antique slot machine that is

1 neither used nor intended to be used in the operation or
2 promotion of any unlawful gambling activity or enterprise.
3 For the purpose of this subparagraph (b)(7), an antique
4 slot machine is one manufactured 25 years ago or earlier.

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

7 (9) Charitable games when conducted in accordance with
8 the Charitable Games Act.

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

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

13 (12) Video gaming terminal games at a licensed
14 establishment, licensed truck stop establishment, licensed
15 fraternal establishment, or licensed veterans
16 establishment when conducted in accordance with the Video
17 Gaming Act.

18 (13) Games of skill or chance where money or other
19 things of value can be won but no payment or purchase is
20 required to participate.

21 (14) Savings promotion raffles authorized under
22 Section 5g of the Illinois Banking Act, Section 7008 of the
23 Savings Bank Act, Section 42.7 of the Illinois Credit Union
24 Act, Section 5136B of the National Bank Act (12 U.S.C.
25 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
26 1463).

1 (15) Fantasy sports contests and participation in
2 fantasy sports contests as defined and offered under the
3 Fantasy Sports Contest Act.

4 (c) Sentence.

5 Gambling is a Class A misdemeanor. A second or subsequent
6 conviction under subsections (a) (3) through (a) (12), is a Class
7 4 felony.

8 (d) Circumstantial evidence.

9 In prosecutions under this Section circumstantial evidence
10 shall have the same validity and weight as in any criminal
11 prosecution.

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

13 Section 999. Effective date. This Act takes effect upon
14 becoming law.".