



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

JOHN J. CULLERTON
SENATE PRESIDENT

**327 STATE CAPITOL
SPRINGFIELD, ILLINOIS 62706
217-782-2728**

May 14, 2012

Honorable Pat Quinn
Room 207, Capitol Building
Springfield, IL 62706

Leader Christine Radogno
Room 108 Capitol Building
Springfield, IL 62706

Speaker Madigan
Room 300, Capitol Building
Springfield, IL 62706

Leader Tom Cross
316 Capitol Building
Springfield, IL 62706

Dear Honorable Quinn, Leader Radogno, Speaker Madigan and Leader Cross:

After careful study, I am pleased to propose for your consideration legislation that ensures Illinois will retain its preeminent status and success in the Internet gaming (“iGaming”) arena as well as immunize Illinois from the ill-effects of hostile federal legislation now pending before the U.S. Senate. I intend on filing the proposed legislation as an amendment to HB 4148 on Tuesday, May 15, 2012. As explained below, it is imperative that the General Assembly enact this proposed legislation before adjourning its Spring Session.

The proposed legislation creates a new Division of Internet Gaming within the Illinois Lottery to further capture new revenues available in the iGaming marketplace in a manner that protects consumers, provides logical and responsible regulation, and advances the public good. The proposed legislation is prompted by the U.S. Department of Justice’s recent opinion that not only endorsed Illinois’ Internet Lottery Test authorized by the 2009 Capital Bill, but also cleared the way for states to authorize and regulate intra-state Internet wagering other than sports wagering.

I offer this legislation at a time when several other states, such as New Jersey, California, and Massachusetts, are considering iGaming legislation with various regulatory frameworks. Our study of these frameworks indicates that they are ill-suited to harness iGaming’s dynamic nature and potential in an ethical and socially responsible manner that maximizes revenue. Indeed, certain forms of iGaming, especially poker, rely on large pools of potential players and states that move swiftly to design a system that captures the widest audience of participants will have an advantage in terms of long range success.

As a result, it is necessary that Illinois create a legal template that is flexible enough to allow an organized approach to maximizing revenue in an ethical and socially responsible manner, while also establishing logical standards and regulations. To that end, I have enclosed with this cover letter a detailed fact sheet outlining the provisions of the proposed legislation.

At its heart, the proposal creates the Division of Internet Gaming within the Illinois Lottery whereby the Division's Executive Director can establish a single Internet gaming platform to usher in iGaming as well as permitting the Division to partner with existing Illinois gaming entities and other third parties at the appropriate time. This framework not only allows for the better evaluation and intervention in problem gambling areas, but also establishes an agnostic iGaming platform that avoids the pitfalls and inefficiencies of multiple vendors and platforms competing for known gamblers and maximizing expenditure per gambler.

We estimate that the potential new revenues to the state are in the hundreds of millions of dollars. If enacted, the Division's iGaming platform could be up and running in FY 2013 and millions of dollars that are now bet through offshore sites could be captured within our state. In turn, the state could organize the first major poker pool, garner worldwide popularity, and position itself as a "hub" for multi-state and international iGaming.

In closing, it is imperative that the General Assembly enact the proposed legislation before adjourning its Spring Session. Legislation is now pending before the U.S. Senate that would preclude Illinois and other states from reaping the benefits of iGaming. That legislation would only allow those states that already have a regulatory framework in place to offer iGaming. Existing gambling states are aggressively moving to limit competition for their forms of wagering. In short, time is of the essence and I urge you to support this proposal.

Sincerely,

A handwritten signature in black ink that reads "John J. Cullerton". The signature is written in a cursive, flowing style.

John J. Cullerton
Senate President

cc: Michael Jones