

2023 -- S 0948 SUBSTITUTE A

LC002885/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

**RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO LOTTERY GAMES,
TABLE GAMES AND SPORTS WAGERING**

Introduced By: Senators Ruggiero, Pearson, Ciccone, Gallo, Felag, F. Lombardi, and
Lombardo

Date Introduced: April 27, 2023

Referred To: Senate Special Legislation and Veterans Affairs

It is enacted by the General Assembly as follows:

1 SECTION 1. The state, through the State Lottery Division of the Department of Revenue
2 (the “Division”), shall implement, operate, conduct, and control iGaming, at the Twin River and
3 the Twin River-Tiverton gaming facilities. In furtherance thereof, the Division is authorized to
4 enter into agreements with the Rhode Island Affiliates of Bally's Corporation, a Delaware
5 corporation (“Bally’s”), in connection with iGaming. This act shall be liberally construed to
6 effectuate its purposes.

7 SECTION 2. Sections 42-61.2-1, 42-61.2-4, 42-61.2-6, 42-61.2-9, 42-61.2-11, 42-61.2-14
8 and 42-61.2-15 of the General Laws in Chapter 42-61.2 entitled "Video Lottery Games, Table
9 Games and Sports Wagering" are hereby amended to read as follows:

10 **42-61.2-1. Definitions.**

11 For the purpose of this chapter, the following words shall mean:

12 (1) “2017 Budget Act” means 2017 — H 5175 Substitute A, as amended, entitled “An Act
13 Relating to Making Appropriations for the Support of the State for the Fiscal Year ending June 30,
14 2018,” which Act was signed into law by the Governor of Rhode Island on August 3, 2017.

15 (2) “Affiliate” means a person who or that directly, or indirectly through one or more
16 intermediaries, controls, is controlled by or is under common control with a Person.

17 (3) “Bally's” means Bally's Corporation, a Delaware corporation.

18 ~~(2)~~(4) “Casino gaming” means any and all table and casino-style games played with cards,

1 dice, or equipment, for money, credit, or any representative of value; including, but not limited to:
2 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or any
3 other game or device included within the definition of Class III gaming as that term is defined in
4 Section 2703(8) of Title 25 of the United States Code and that is approved by the state through the
5 division of state lottery.

6 ~~(3)~~(5) “Central communication system” means a system approved by the Division, linking
7 all Video Lottery Terminals at a licensed video lottery retailer location to provide auditing program
8 information and any other information determined by the Division. In addition, the central
9 communications system must provide all computer hardware and related software necessary for the
10 establishment and implementation of a comprehensive system as required by the Division.

11 ~~(4)~~(6) “Collegiate sports or athletic event” shall not include a collegiate sports contest or
12 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
13 which any Rhode Island college team participates regardless of where the event takes place.

14 ~~(5)~~(7) “Consolidated promotional points program” means, collectively, the “Initial
15 Promotional Points Program” and the “Supplementary Promotional Points Program” applicable to
16 the Lincoln gaming facility and the “Initial Promotional Points Program” and the “Supplementary
17 Promotional Points Program” applicable to the Tiverton gaming facility, with each of the terms
18 “Initial Promotional Points Program” and “Supplementary Promotional Points Program” having
19 the meanings given such terms in the 2017 Budget Act.

20 (8) “Control” means the possession, directly or indirectly, of the power to direct or cause
21 the direction of the management and policies of a Person, whether through the ownership of voting
22 securities, by contract or otherwise.

23 ~~(6)~~(9) “Credit facilitator” means any employee of a licensed video lottery retailer approved
24 in writing by the Division whose responsibility is to, among other things, review applications for
25 credit by players, verify information on credit applications, grant, deny, and suspend credit,
26 establish credit limits, increase and decrease credit limits, and maintain credit files, all in
27 accordance with this chapter and rules and regulations approved by the Division.

28 ~~(7)~~(10) “DBR” means the department of business regulation, division of gaming and
29 athletics licensing, ~~and/or~~ and any successor in interest thereto.

30 ~~(8)~~(11) “Director” means the director of the Division.

31 ~~(9)~~(12) “Division” means the state lottery division of the department of revenue and/or any
32 successor in interest thereto.

33 ~~(10)~~(13) “Hosting facility” refers to the Lincoln gaming facility and the Tiverton gaming
34 facility.

1 (14)(a) "iGaming" means casino gaming, inclusive of online slot games and online table
2 games as defined herein, and made available to players who have reached twenty-one (21) years of
3 age through the use of the Internet through computers, mobile applications on mobile devices, or
4 other interactive devices approved by the Division, which wagers are accepted by a server-based
5 gaming system located at the premises of a hosting facility.

6 (b) All wagers on iGaming games shall be deemed to be placed and accepted, and iGaming
7 games shall be deemed to be operated on the Division's behalf, at the premises of a hosting facility.

8 (c) Notwithstanding the foregoing, the term "iGaming" does not include the following:

9 (i) Sports wagering conducted under § 42-61.2-2.4;

10 (ii) Online sports wagering conducted under § 42-61.2-2.4 and regulated elsewhere
11 pursuant to the general laws, including in § 42-61.2-16;

12 (iii) Pari-mutuel betting on the outcome of thoroughbred or harness horse racing, or
13 greyhound dog racing, including, but not limited to, pari-mutuel wagering on a race that is
14 "simulcast" (as defined in § 41-11-1), as regulated elsewhere pursuant to the general laws, including
15 in chapters 3, 3.1, 4, and 11 of title 41;

16 (iv) Off-track betting on racing events, as regulated elsewhere pursuant to the general laws,
17 including in chapter 10 of title 41;

18 (v) Wagering on the respective scores or points of the game of jai alai or pelota and the
19 sale of pari-mutuel pools related to such games, as regulated elsewhere pursuant to the general
20 laws, including in chapter 7 of title 41; and

21 (vi) Lotteries, charitable gaming, games of chance, bingo games, raffles, and pull-tab
22 lottery tickets, to the extent permitted and regulated pursuant to chapter 19 of title 11.

23 (15) "iGaming game vendor" means any entity authorized to provide online slot games and
24 online table games, as approved by the Division in connection with iGaming, on the Division's
25 behalf in accordance with this chapter, which is:

26 (i) Owned in part by IGT (or by an entity controlling, controlled by or under common
27 control with IGT) and owned in the remaining part and controlled by (collectively) Twin River and
28 Twin River-Tiverton (or by an entity controlling, controlled by or under common control with Twin
29 River and Twin River- Tiverton), meaning that such controlling entities or entity possess, directly
30 or indirectly, the power to direct or cause the direction of the management and policies of the
31 iGaming game vendor, whether through the ownership of voting securities, by contract or
32 otherwise; and

33 (ii) Authorized by the Division to be the exclusive provider of online slot games and online
34 table games to the Division in accordance with this chapter, such online slot games and online table

1 games being games owned or licensed by an owner of the iGaming game vendor (or by an entity
2 controlling, controlled by or under common control with such entity) or games owned or licensed
3 by a third party, that (in either case) are licensed to the iGaming game vendor for sublicense to the
4 Division as authorized by the Division.

5 (16) "iGaming Joint Venture" means a Delaware limited liability company to be owned in
6 part by IGT Global Solutions Corporation, a Delaware corporation ("IGT") or Affiliates of IGT
7 and by Bally's or Affiliates of Bally's and controlled by Bally's or Affiliates of Bally's.

8 (17) "iGaming platform vendor" means an entity that operates a hosting facility (or by an
9 entity controlling, controlled by or under common control with such an entity) and that is authorized
10 by the Division to conduct iGaming on the Division's behalf in accordance with this chapter.

11 ~~(14)~~(18) "IGT" means IGT Global Solutions Corporation, a Delaware corporation.

12 ~~(12)~~(19) "Licensed video lottery retailer" means a pari-mutuel licensee specifically
13 licensed by the Director subject to the approval of the Division to become a licensed video lottery
14 retailer.

15 ~~(13)~~(20) "Lincoln gaming facility" means the gaming and entertainment facility located at
16 100 Twin River Road in the town of Lincoln, Rhode Island (sometimes referred to as "Twin River"
17 or the "Twin River gaming facility").

18 ~~(14)~~(21) "Marketing Year" means the fiscal year of the state.

19 ~~(15)~~(22) "Net table-game revenue" means win from table games minus counterfeit
20 currency.

21 ~~(16)~~(23) "Net terminal income" means currency placed into a Video Lottery Terminal less
22 credits redeemed for cash by players.

23 ~~(17)~~(24) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
24 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee
25 of Newport Grand, LLC under the Newport Grand Master Contract, including, without limitation,
26 Premier (as defined in subsection (25) of this section) and/or Twin River-Tiverton (as defined in
27 subsection (40) of this section) provided it is a pari-mutuel licensee (as defined in this section);
28 provided, further, however, where the context indicates that the term is referring to the physical
29 facility, then it shall mean the gaming and entertainment facility located at 150 Admiral Kalbfus
30 Road, Newport, Rhode Island.

31 ~~(18)~~(25) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
32 thereof between November 23, 2010, and the termination date of the Newport Grand Master
33 Contract.

34 ~~(19)~~(26) "Newport Grand Master Contract" means that certain master video lottery

1 terminal contract made as of November 23, 2005, by and between the division of lotteries of the
2 Rhode Island department of administration and Newport Grand, as amended and extended from
3 time to time as authorized therein and/or as such Newport Grand Master Contract may be assigned
4 as permitted therein.

5 ~~(20)~~(27) "Online gaming account" means an account opened by a patron that such patron
6 shall use for the deposit and withdrawal of funds used for online sports wagering, or iGaming. An
7 online gaming account may be used for both online sports wagering conducted under § 42-61.2-
8 2.4 and iGaming, only if the patron is over twenty-one (21) years of age. A patron under the age of
9 twenty-one (21) is prohibited from having or using an online gaming account for iGaming.

10 (28) "Online slot game" means an online slot-machine-like game authorized by the
11 Division within the scope of the term iGaming. Online slot games include, but are not limited to,
12 online games involving digital versions of spinning reels or pay lines, and may include:

13 (i) An auto play feature;

14 (ii) An adjustable bet feature;

15 (iii) A random number generator to determine the game outcome; and

16 (iv) Games that can be played infinitely, using a nondepleting prize pool, offer prizes that
17 are all available with every play, and have odds that remain the same with every play.

18 (29) "Online slot gaming revenue" means:

19 (i) The total of cash or cash equivalents received from the operation of online slot games
20 minus the total of:

21 (A) Cash or cash equivalents paid to players as a result of the operation of online slot
22 games;

23 (B) Marketing expenses related to online slot games as agreed to by the Division, the
24 iGaming game vendor, and the iGaming platform vendor, as approved by the Division; and

25 (C) Any federal excise taxes (if applicable).

26 (ii) The term online slot gaming revenue does not include any of the following:

27 (A) Counterfeit cash;

28 (B) Coins or currency of other countries received as a result of the operation of online slot
29 games, except to the extent that the coins or currency are readily convertible to cash;

30 (C) Cash taken in a fraudulent act perpetrated against the iGaming platform vendor or
31 iGaming game vendor for which the iGaming platform vendor or iGaming game vendor is not
32 reimbursed;

33 (D) Free play provided by the iGaming platform vendor or iGaming game vendor as
34 authorized by the Division to a player and subsequently "won back" by the iGaming platform

1 vendor or iGaming game vendor, for which the iGaming platform vendor or iGaming game vendor
2 can demonstrate that it or its affiliate has not been reimbursed in cash.

3 (30) "Online table game" means a casino-style table game authorized by the Division
4 within the scope of the term iGaming, where such, games are conducted by one or more live persons
5 and made available to players through use of the Internet through computers, mobile applications
6 on mobile devices, or other interactive devices approved by the Division, which wagers are
7 accepted by a server-based gaming system located at the premises of a hosting facility and played
8 with the digital representation of cards, dice or equipment.

9 (31) "Online table gaming revenue" means:

10 (i) The total of cash or cash equivalents received from the operation of online table games
11 minus the total of:

12 (A) Cash or cash equivalents paid to players as a result of the operation of online table
13 games;

14 (B) Marketing expenses related to online table games as agreed to by the Division and the
15 iGaming platform vendor, as approved by the Division; and

16 (C) Any federal excise taxes (if applicable).

17 (ii) The term does not include any of the following:

18 (A) Counterfeit cash;

19 (B) Coins or currency of other countries received as a result of the operation of online table
20 games, except to the extent that the coins or currency are readily convertible to cash;

21 (C) Cash taken in a fraudulent act perpetrated against the iGaming platform vendor or
22 iGaming game vendor for which the iGaming platform vendor or iGaming game vendor is not
23 reimbursed;

24 (D) Free play provided by the iGaming platform vendor or iGaming game vendor as
25 authorized by the Division to a player and subsequently "won back" by the iGaming platform
26 vendor or iGaming game vendor, for which the iGaming platform vendor or iGaming game vendor
27 can demonstrate that it or its affiliate has not been reimbursed in cash.

28 ~~(21)~~(32) "Online sports wagering" means engaging in the act of sports wagering by the
29 placing of wagers on sporting events or a combination of sporting events, or on the individual
30 performance statistics of athletes in a sporting event or a combination of sporting events, over the
31 internet through computers, mobile applications on mobile devices or other interactive devices
32 approved by the Division, which wagers are accepted by a server-based gaming system located at
33 the premises of a hosting facility authorized to accept sports wagers and administer payoffs of
34 winning sports wagers; all such wagers shall be deemed to be placed and accepted at the premises

1 of ~~a~~ such hosting facility.

2 ~~(22)~~(33) “Online sports-wagering revenue” means:

3 (i) The total of cash or cash equivalents received from online sports wagering minus the
4 total of:

5 (I) Cash or cash equivalents paid to players as a result of online sports wagering;

6 (II) Marketing expenses related to online sports wagering as agreed to by the Division, the
7 sports-wagering vendor, and the host facilities, as approved by the Division; and

8 (III) Any federal excise taxes (if applicable).

9 (ii) The term does not include any of the following:

10 (I) Counterfeit cash.

11 (II) Coins or currency of other countries received as a result of online sports wagering,
12 except to the extent that the coins or currency are readily convertible to cash.

13 (III) Cash taken in a fraudulent act perpetrated against a hosting facility or sports-wagering
14 vendor for which the hosting facility or sports-wagering vendor is not reimbursed.

15 (IV) Free play provided by the hosting facility or sports-wagering vendor as authorized by
16 the Division to a player and subsequently “won back” by the hosting facility or sports-wagering
17 vendor, for which the hosting facility or sports-wagering vendor can demonstrate that it or its
18 affiliate has not been reimbursed in cash.

19 ~~(23)~~(34) “Pari-mutuel licensee” means:

20 (i) An entity licensed pursuant to § 41-3.1-3; ~~and/or~~ and

21 (ii) An entity licensed pursuant to § 41-7-3.

22 ~~(24)~~(35) “Payoff,” when used in connection with sports wagering, means cash or cash
23 equivalents paid to a player as a result of the player’s winning a sports wager. A “payoff” is a type
24 of “prize,” as the term “prize” is used in chapters 61, 61.2, and 61.3 of this title.

25 (36) “Person” means a natural person, corporation, limited liability company, partnership
26 (general or limited), joint venture, estate, trust or unincorporated association; any federal, state,
27 county, or municipal government or any bureau, department or agency thereof; any fiduciary acting
28 in such capacity, on behalf of any of the foregoing; or any other legal or business entity or
29 organization.

30 ~~(25)~~(37) “Premier” means Premier Entertainment II, LLC ~~and/or~~ and its successor in
31 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
32 assets of such entity.

33 ~~(26)~~(38) “Prior marketing year,” means, with respect to a marketing year, the most recent
34 previous marketing year during which the Division operated a majority of the authorized video

1 lottery games at each of the Lincoln gaming facility and the Tiverton gaming facility for at least
2 360 days (or 361 days in the case there are 366 days in such marketing year). For the avoidance of
3 doubt, because the Division will not have operated a majority of the authorized video lottery games
4 at the Lincoln gaming facility and at the Tiverton gaming facility for at least 361 days during the
5 marketing year expiring on June 30, 2020, the prior marketing year with respect to the marketing
6 year expiring on June 30, 2021, shall be the marketing year expiring on June 30, 2019.

7 ~~(27)~~(39) “Promotional points” has the meaning given such term in the 2017 Budget Act.

8 ~~(28)~~(40) “Rake” means a set fee or percentage of cash and chips representing cash wagered
9 in the playing of a nonbanking table game assessed by a table games retailer for providing the
10 services of a dealer, gaming table, or location, to allow the play of any nonbanking table game.

11 ~~(29)~~(41) “Server-based gaming system” means all hardware, software, and
12 communications devices that comprise a system utilized for the purpose of offering an electronic
13 platform used in connection with the process of placing and accepting sports wagers and/or
14 iGaming wagers (as applicable).

15 ~~(30)~~(42) “Sporting event” means any professional sport or athletic event, any Olympic or
16 international sports competition event, and any collegiate sport or athletic event, or any portion
17 thereof, including, but not limited to, the individual performance statistics of athletes in a sports
18 event or combination of sports events, except “sporting event” shall not include a prohibited
19 sporting event.

20 ~~(31)~~(43) “Sports wagering” means the business of accepting wagers on sporting events or
21 a combination of sporting events, or on the individual performance statistics of athletes in a sporting
22 event or combination of sporting events, by any system or method of wagering. The term includes,
23 but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets,
24 and the term includes the placement of such bets and wagers. However, the term does not include,
25 without limitation, the following:

26 (i) Lotteries, including video lottery games and other types of casino gaming operated by
27 the state, through the Division, as of June 22, 2018.

28 (ii) Pari-mutuel betting on the outcome of thoroughbred or harness horse racing, or
29 greyhound dog racing, including but not limited to, pari-mutuel wagering on a race that is
30 “simulcast” (as defined in § 41-11-1), as regulated elsewhere pursuant to the general laws,
31 including in chapters 3, 3.1, 4, and 11 of title 41.

32 (iii) Off-track betting on racing events, as regulated elsewhere pursuant to the general laws,
33 including in chapter 10 of title 41.

34 (iv) Wagering on the respective scores or points of the game of jai alai or pelota and the

1 sale of pari-mutuel pools related to such games, as regulated elsewhere pursuant to the general
2 laws, including in chapter 7 of title 41.

3 (v) Lotteries, charitable gaming, games of chance, bingo games, raffles, and pull-tab lottery
4 tickets, to the extent permitted and regulated pursuant to chapter 19 of title 11.

5 (vi) iGaming (as defined in this section).

6 ~~(32)~~(44) “Sports-wagering device” means any mechanical, electrical, or computerized
7 contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the
8 Division and used to conduct sports wagering.

9 ~~(33)~~(45) “Sports-wagering revenue” means:

10 (i) The total of cash or cash equivalents received from sports wagering minus the total of:

11 (I) Cash or cash equivalents paid to players as a result of sports wagering;

12 (II) The annual flat fee to the host communities as defined by § 42-61.2-5(c);

13 (III) Marketing expenses related to sports wagering as agreed to by the Division, the sports-
14 wagering vendor, and the host facilities, as approved by the Division; and

15 (IV) Any federal excise taxes (if applicable).

16 (ii) The term does not include any of the following:

17 (I) Counterfeit cash.

18 (II) Coins or currency of other countries received as a result of sports wagering, except to
19 the extent that the coins or currency are readily convertible to cash.

20 (III) Cash taken in a fraudulent act perpetrated against a hosting facility or sports-wagering
21 vendor for which the hosting facility or sports-wagering vendor is not reimbursed.

22 (IV) Free play provided by the hosting facility or sports-wagering vendor as authorized by
23 the Division to a patron and subsequently “won back” by the hosting facility or sports-wagering
24 vendor, for which the hosting facility or sports-wagering vendor can demonstrate that it or its
25 affiliate has not been reimbursed in cash.

26 ~~(34)~~(46) “Sports-wagering vendor” means any entity authorized by the Division to operate
27 sports betting on the Division’s behalf in accordance with this chapter.

28 ~~(35)~~(47) “Table game” or “Table gaming” means that type of casino gaming in which table
29 games are played for cash or chips representing cash, or any other representation of value that has
30 been approved by the Division, using cards, dice, or equipment and conducted by one or more live
31 persons.

32 ~~(36)~~(48) “Table-game retailer” means a retailer authorized to conduct table gaming
33 pursuant to § 42-61.2-2.1 or § 42-61.2-2.3.

34 ~~(37)~~(49) “Technology provider” means any individual, partnership, corporation, or

1 association that designs, manufactures, installs, maintains, distributes, or supplies Video Lottery
2 Terminals or associated equipment for the sale or use in this state.

3 ~~(38)~~(50) “Tiverton gaming facility” means the gaming and entertainment facility located
4 at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton,
5 Rhode Island (sometimes referred to as “Twin River-Tiverton”).

6 ~~(39)~~(51) “Twin River” (sometimes referred to as “UTGR”) means UTGR, Inc., a Delaware
7 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided, however,
8 where the context indicates that the term is referring to a physical facility, then “Twin River” shall
9 mean the Lincoln gaming facility.

10 ~~(40)~~(52) “Twin River-Tiverton” means Twin River-Tiverton, LLC ~~and/or~~ and its successor
11 in interest by reason of the acquisition of the stock, membership interests, or substantially all of the
12 assets of such entity; provided, however, where the context indicates that the term is referring to a
13 physical facility, then “Twin River-Tiverton” shall mean the Tiverton gaming facility.

14 ~~(41)~~(53) “Twin River-Tiverton Marketing Year” has the same meaning as Marketing Year
15 (as defined in subsection (14) of this section).

16 ~~(42)~~(54) “Twin River-Tiverton Master Contract” has the same meaning as Newport Grand
17 Master Contract (as defined in subsection (19) of this section).

18 ~~(43)~~(55) “UTGR Master Contract” means that certain master video lottery terminal
19 contract made as of July 1, 2005, by and between the division of lotteries of the Rhode Island
20 department of administration (now the division of lotteries of the Rhode Island department of
21 revenue) and Twin River, as amended and extended from time to time as authorized therein ~~and/or~~
22 and as such UTGR Master Contract may be assigned as permitted therein.

23 ~~(44)~~(56) “Video Lottery Agreement” means that certain Video Lottery Central Computer
24 System Agreement dated as of December 20, 2001, by and between IGT and the Division, as
25 amended, extended, assigned, and assumed from time to time.

26 ~~(45)~~(57) “Video lottery games” means lottery games played on Video Lottery Terminals
27 controlled by the Division.

28 ~~(46)~~(58) “Video lottery terminal” means any electronic computerized video game machine
29 that, upon the insertion of cash or any other representation of value that has been approved by the
30 Division, is available to play a video game authorized by the Division, and that uses a video display
31 and microprocessors in which, by chance, the player may receive free games or credits that can be
32 redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or
33 tokens.

34 ~~(47)~~(59) “VLT Agreement” means that certain Video Lottery Terminal Technology

1 Provider License Agreement dated as of September 28, 2000, by and between IGT and the Division,
2 as amended, extended, assigned, and assumed from time to time.

3 (60) "VLT Joint Venture" means Rhode Island VLT Company LLC, a Delaware limited
4 liability company, the current members of which are IGT, Twin River and Twin River-Tiverton

5 **42-61.2-4. Additional powers and duties of director and lottery division.**

6 In addition to the powers and duties set forth in §§ 42-61-4 and 42-61.2-3, the director shall
7 have the power to:

8 (1) Supervise and administer the operation of video lottery games ~~and~~, sports wagering,
9 and iGaming in accordance with this chapter and with the rules and regulations of the division;

10 (2) Suspend or revoke upon a hearing any license issued pursuant to this chapter or the
11 rules and regulations promulgated under this chapter;

12 (3) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
13 operation of a central communications system and technology providers, or any part thereof;

14 (4) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
15 provision of sports-wagering systems, facilities, and related technology necessary ~~or~~ and/or
16 desirable for the state-operated sports wagering to be hosted at Twin River and the Tiverton gaming
17 facilities, including technology related to the operation of on-premises remote sports wagering, or
18 any part thereof;

19 (5) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
20 provision of server-based gaming systems, facilities, and related technology necessary ~~and/or~~ or
21 desirable for the state-operated online sports wagering; ~~and~~

22 (6) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the
23 provision of services and technology necessary or desirable for state-operated iGaming; and

24 ~~(6)(7)~~ Certify monthly to the budget officer, the auditor general, the permanent joint
25 committee on state lottery, and to the governor a full and complete statement of lottery revenues,
26 prize disbursements, and other expenses for the preceding month; ensure that monthly financial
27 reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and
28 net income for keno and for all other lottery operations; submit this report to the state budget officer,
29 the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors,
30 and the governor no later than the twentieth business day following the close of the month; at the
31 end of each fiscal year the director shall submit an annual report based upon an accrual system of
32 accounting that shall include a full and complete statement of lottery revenues, prize disbursements,
33 and expenses, to the governor and the general assembly, which report shall be a public document
34 and shall be filed with the secretary of state. The monthly report shall be prepared in a manner

1 prescribed by the members of the revenue estimating conference.

2 **42-61.2-6. When games may be played.**

3 (a) Video lottery games authorized by this chapter may be played at the licensed video
4 lottery retailer's facilities with the approval of the division, even if that facility is not conducting a
5 pari-mutuel event.

6 (b) Sports wagering authorized by this chapter, including accepting sports wagers and
7 administering payoffs of winning sports wagers, may be conducted at the Twin River and the
8 Tiverton gaming facilities, with the approval of the division, even if that facility is not conducting
9 a pari-mutuel event.

10 (c) Casino gaming (including iGaming) authorized by this chapter and including accepting
11 wagers and administering payoffs of winning wagers on casino gaming, online slot games and
12 online table games, may be conducted at the Twin River and the Tiverton gaming facilities, with
13 the approval of the Division, even if that facility is not conducting a pari-mutuel event.

14 **42-61.2-9. Unclaimed prize money, including unclaimed sports-wagering payoffs.**

15 Unclaimed prize money for prizes in connection with the play of a video lottery game,
16 iGaming game, and an unclaimed payoff in connection with a sports wager shall be retained by the
17 director for the person entitled thereto for one year after, respectively, the completion of the
18 applicable video lottery game, iGaming game, or the determination of the result of the sporting
19 event that was the subject of the applicable sports wager. If no claim is made for the prize money
20 or payoff within that year, the prize money or payoff shall automatically revert to the lottery fund
21 and the winner shall have no claim thereto.

22 **42-61.2-11. Effect of other laws and local ordinances.**

23 (a) No other law providing any penalty or disability for operating, hosting, maintaining,
24 supporting, or playing video lottery games, or any acts done in connection with video lottery games,
25 shall apply to operating, hosting, maintaining, supporting, or playing video lottery games pursuant
26 to this chapter.

27 (b) No other law providing any penalty or disability for conducting, hosting, maintaining,
28 supporting, or participating in sports wagering, or any acts done in connection with sports wagering,
29 shall apply to conducting, hosting, maintaining, supporting, or participating in sports wagering
30 pursuant to this chapter.

31 (c) No other law providing any penalty or disability for conducting, hosting, maintaining,
32 supporting, or participating in casino gaming, including iGaming, or any acts done in connection
33 with casino gaming, including iGaming, shall apply to conducting, hosting, maintaining,
34 supporting, or participating in casino gaming, including iGaming pursuant to this chapter.

1 ~~(e)~~(d) The provisions of §§ 41-9-4 and 41-9-6 shall not apply to this chapter, and the
2 provisions of this chapter shall take precedence over any local ordinances to the contrary. It is
3 specifically acknowledged that the installation, operation, and use of video lottery terminals by a
4 pari-mutuel licensee, as authorized in this chapter, shall for all purposes be deemed a permitted use
5 as defined in § 45-24-31. No city or town where video lottery terminals are authorized may seek to
6 prevent the installation and use of said video lottery terminals by defining such as a prohibited use.

7 **42-61.2-14. Compulsive and problem gambling programs.**

8 The Division and the state acknowledge that the vast majority of gaming patrons can enjoy
9 gambling games responsibly, but that there are certain societal costs associated with gaming by
10 some individuals who have problems handling the product or services provided. The Division and
11 the State further understand that it is their duty to act responsibly toward those who cannot
12 participate conscientiously in gaming. Pursuant to the foregoing, Twin River and Twin River-
13 Tiverton, in cooperation with the State, shall offer compulsive and problem gambling programs
14 that include, but are not limited to (a) Problem gambling awareness programs for employees; (b)
15 Player self-exclusion program; ~~and~~ (c) Promotion of a problem gambling hotline; and (d) Education
16 on responsible gambling and prevention of problem gambling. Twin River and Twin River-
17 Tiverton shall modify their existing compulsive and problem gambling programs to include table
18 games, ~~and~~ sports wagering and iGaming to the extent such games are authorized at such facilities
19 or through the Internet or a mobile application. Twin River and Twin River-Tiverton shall
20 reimburse and pay to the Division no less than two hundred thousand dollars (\$200,000) in
21 aggregate annually for compulsive and problem gambling programs established by the Division
22 and no less than fifty thousand dollars (\$50,000) in the aggregate annually for education and
23 prevention programs. The contribution from each facility shall be determined by the Division. A
24 person who is prohibited from gaming in a gaming establishment due to the player self-exclusion
25 program shall not collect any winnings or recover losses arising as a result of prohibited gaming
26 activity by said person. Winnings from a self-excluded person, after the deduction of taxes and
27 other applicable withholdings, shall be forfeited to the division. The division shall forward such
28 forfeited winnings, up to one hundred fifty thousand dollars (\$150,000) per year, to the Rhode
29 Island Council on Problem Gambling for its use for research, education, and prevention of teenage
30 gambling addiction, with the balance to be transferred by the division to the general fund.

31 ~~**42-61.2-15. Table game and sports wagering hours of operation**~~ **Table game, sports-**
32 **wagering, and iGaming hours of operation.**

33 (a) To the extent table games are authorized at the premises of a table-game retailer, such
34 table games may be offered at the premises of a table-game retailer for all or a portion of the days

1 and times that video lottery games are offered.

2 (b) To the extent sports wagering is authorized at the premises of a table-game retailer,
3 such sports wagering may be offered at the premises of such table-game retailer for all or a portion
4 of the days and times that video lottery games are offered.

5 (c) To the extent online sports wagering is authorized at a hosting facility, such online
6 sports wagering may be offered without any restriction on hours of operation and shall not be
7 limited by the days and times that video lottery games ~~and/or~~ or table games are offered.

8 (d) To the extent iGaming is authorized at a hosting facility, such iGaming may be offered
9 without any restriction on hours of operation and shall not be limited by the days and times that
10 video lottery games or table games are offered.

11 SECTION 3. Chapter 42-61.2 of the General Laws entitled "Video Lottery Games, Table
12 Games and Sports Wagering" is hereby amended by adding thereto the following sections:

13 **42-61.2-3.4. iGaming Regulation.**

14 In addition to the powers and duties of the Division director under §§ 42-61-4, 42-61.2-3,
15 42-61.2-3.1, 42-61.2-3.2, 42-61.2-3.3, and 42-61.2-4 and pursuant to §§ 42-61.2-2.1 and 42-61.2-
16 2.3, the Division director shall promulgate rules and regulations relating to state-operated iGaming
17 and set policy for such gaming. Such rules and regulations shall include, but not be limited to:

18 (1) Standards, rules, and regulations to govern the conduct of iGaming, including, without
19 limitation:

20 (i) Procedures for investigation of patron complaints related to iGaming;

21 (ii) Terms and conditions for iGaming;

22 (iii) Internal controls for all aspects of iGaming, including procedures for system integrity,
23 system security, operations, accounting, and reporting of problem gamblers;

24 (iv) Operational controls for server-based gaming systems, software, and hardware utilized
25 for iGaming, including, but not limited to, appearance, functionality, contents, collection, storage,
26 and retention of data and security;

27 (v) Operational controls for online gaming accounts, including, but not limited to,
28 procedures for the establishment and closure of an online gaming account, funding of withdrawal
29 of funds from an online gaming account, age verification of patron's online game account, and
30 generation of an account statement for a patron's online gaming account; and

31 (vi) Age restrictions for online iGaming patrons, which shall be prohibited for players who
32 have not reached twenty-one (21) years of age.

33 (2) Establishing the method for calculating online slot gaming revenue and online table
34 gaming revenue and standards for the daily counting and recording of cash and cash equivalents

1 received in the conduct of online slot games and online table games, and ensuring that internal
2 controls are followed and financial books and records are maintained and audits are conducted;

3 (3) Requiring the iGaming platform vendor to provide written information prominently
4 displayed on any electronic platform available to the patron through a server-based gaming system,
5 regarding wagering rules, payoffs on winning wagers, deposits, withdrawals, and other information
6 as the Division may require; and

7 (4) Any other matters necessary for conducting iGaming.

8 **42-61.2-4.1. State lottery division --iGaming.**

9 The state, through the State Lottery Division of the Department of Revenue (the
10 “Division”), shall implement, operate, conduct, and control iGaming, at the Twin River and the
11 Twin River-Tiverton gaming facilities. In furtherance thereof, the Division is authorized to enter
12 into agreements with the Rhode Island Affiliates of Bally's Corporation, a Delaware corporation
13 (“Bally’s”), in connection with iGaming. This chapter shall be liberally construed to effectuate its
14 purposes.

15 **42-61.2-4.2 Authorization and empowerment of state lottery division with respect to**
16 **the Rhode Island affiliates of Bally's.**

17 (a) Notwithstanding any provisions of the general laws of the state or regulations adopted
18 thereunder to the contrary, including, without limitation, the provisions of chapter 2 of title 37,
19 chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby authorized and empowered:

20 (1) To enter into a contract with the Rhode Island Affiliates of Bally’s to be the exclusive
21 iGaming game vendor (“iGaming Game Agreement”) under the terms and conditions set forth in
22 this chapter, which shall, among other matters:

23 (i) Provide for a term that is coterminous with the UTGR Master Contract or Twin River-
24 Tiverton Master Contract, whichever agreement ends first;

25 (ii) Obligate the Rhode Island Affiliates of Bally’s to pay for an agreed upon percentage of
26 the payment service provider transactions fees associated with the Division’s operation of iGaming,
27 which shall exceed thirty-three percent (33%) of such fees and shall be set forth in the iGaming
28 Game Agreement;

29 (iii) Obligate the Rhode Island Affiliates of Bally’s to regularly update online slot games
30 offered to players in connection with the Division’s operation of iGaming on schedules agreed to
31 by the Division and set forth in the iGaming Game Agreement;

32 (iv) Provide the Division with the right to assess liquidated damages against Bally’s or its
33 Rhode Island Affiliates if any iGaming games are not available to players in accordance with this
34 chapter, as set forth in the iGaming Game Agreement;

1 (v) Require the Rhode Island Affiliates of Bally's to an enter into an assignment and
2 assumption agreement between the Rhode Island Affiliates of Bally's and the iGaming Joint
3 Venture (the "iGaming Assignment and Assumption Agreement"), the terms of which shall be
4 subject to the review and approval of the Division;

5 (vi) Contain such other terms and conditions as the Division and the Rhode Island Affiliates
6 of Bally's may agree.

7 (2) To consent to:

8 (i) The irrevocable assignment by the Rhode Island Affiliates of Bally's to the iGaming
9 Joint Venture of:

10 (A) The right to be the exclusive iGaming game vendor providing online slot games and
11 online table games to the Division, such online slot games and online table games being games
12 owned or licensed by an owner or an Affiliates of an owner of the iGaming game vendor or games
13 owned or licensed by a third party, that (in either case) are licensed to the iGaming game vendor
14 for sublicense to the Division as authorized by the Division.

15 (ii) The assumption by the iGaming Joint Venture of the obligations of the Rhode Island
16 Affiliates of Bally's under the iGaming Game Agreement pursuant to the iGaming Assignment and
17 Assumption Agreement, the terms of which shall be subject to the review and approval of the
18 Division.

19 (3) To enter into a contract with the Rhode Island Affiliates of Bally's to be the exclusive
20 iGaming platform vendor ("iGaming Platform Agreement") under the terms and conditions set
21 forth in this chapter, which shall, among other matters:

22 (i) Provide for a term that is coterminous with the UTGR Master Contract or Twin River
23 Tiverton Master Contract, whichever agreement ends first;

24 (ii) Obligate Bally's to regularly update and replace the server-based gaming system for
25 iGaming on schedules agreed to by the Division;

26 (iii) Provide the Division with the right to assess liquidated damages against Bally's or its
27 Rhode Island Affiliates if iGaming wagers are not being accepted by the iGaming server-based
28 gaming system in accordance with this chapter as determined by the Division;

29 (iv) Obligate the Rhode Island Affiliates of Bally's to fund the Division's responsible
30 gambling programs to include prevention and education services in addition to those funds provided
31 under Section 42-61.2-14;

32 (v) Require the Rhode Island Affiliates of Bally's to host server-based gaming systems in
33 connection with online sports wagering as determined by the Division;

34 (vi) Require the Rhode Island Affiliates of Bally's to pay for a percentage of the costs, not

1 to exceed thirty-three percent (33%) of such costs, including, but not limited to, professional and
2 project management fees, incurred by the Division in connection with implementation of the
3 Division's operation of iGaming, which shall be set forth in the iGaming Agreement;

4 (vii) Provide financial protection to the state related to the potential impact on traditional
5 lottery products as a result of iGaming whereby Bally's or the Rhode Island Affiliates of Bally's
6 shall pay for an independent economic analysis of the negative impact, if any, experienced by the
7 traditional lottery products in the first year of iGaming operations and reserve one million three
8 hundred thousand dollars (\$1,300,000) to address any negative impact. If the Division is able to
9 prove a negative impact on the revenue produced by traditional lottery products, without a
10 corresponding gain in revenue from iGaming, to an amount exceeding five hundred thousand
11 dollars (\$500,000), after January 1, 2025, the Division shall receive the reserve funds from Bally's
12 or the Rhode Island Affiliates of Bally's.

13 (viii) Contain such other terms and conditions as the Division and Bally's may agree.

14 (b) Nothing in this chapter shall be deemed to affect the authority of the Division to regulate
15 Bally's, Affiliates of Bally's, or the iGaming Joint Venture in connection with state-operated casino
16 gaming (including iGaming).

17 **42-61.2-5.1. Allocation of online slot gaming revenue.**

18 (a) Notwithstanding the provisions of § 42-61-15, the division of lottery is authorized to
19 enter into an agreement to allocate online slot gaming revenue among the state, the state's
20 authorized iGaming platform vendor, and the state's authorized iGaming game vendor.

21 (b) The allocation of online slot gaming revenue shall be as follows:

22 (1) To the state, sixty-one percent (61%) of online slot gaming revenue;

23 (2) To the state's authorized iGaming platform vendor, twenty-two and fifty-five
24 hundredths of a percent (22.55%) of online slot gaming revenue;

25 (3) To the state's authorized iGaming game vendor fifteen percent (15%) of online slot
26 gaming revenue.; and

27 (4) To the towns of Lincoln and Tiverton, one and forty-five hundredths of a percent
28 (1.45%) of online slot gaming revenue

29 (c) Online slot gaming revenue allocated to the state shall be deposited into the state lottery
30 fund for administrative purposes and then the balance remaining into the general fund.

31 **42-61.2-5.2. Allocation of online table gaming revenue.**

32 (a) Notwithstanding the provisions of § 42-61-15, the division of lottery is authorized to
33 enter into an agreement to allocate online table gaming revenue among the state, the state's
34 authorized iGaming platform vendor, and the state's authorized iGaming game vendor.

1 **(b) The allocation of online table gaming revenue shall be:**

2 **(1) To the state, fifteen and one-half percent (15.5%) of online table gaming revenue;**

3 **(2) To the state's authorized iGaming platform vendor, thirty-five percent (35%) of online**
4 **table gaming revenue; and**

5 **(3) To the state's authorized iGaming game vendor, forty-eight and one-half percent**
6 **(48.5%) of online table gaming revenue.**

7 **(4) To the towns of Lincoln and Tiverton, one percent (1%) of the online table gaming**
8 **revenue.**

9 **(c) Online table gaming revenue allocated to the state shall be deposited into the state**
10 **lottery fund for administrative purposes and then the balance remaining into the general fund.**

11 **42-61.2-17. General requirements for iGaming.**

12 **(a) Wagers in connection with iGaming shall only be initiated, received or otherwise made**
13 **within the State of Rhode Island. The iGaming platform vendor shall only accept wagers in**
14 **connection with iGaming from players who have been affirmatively located as being physically**
15 **present in the State of Rhode Island at the time of their wager.**

16 **(b) The server-based gaming system shall employ a mechanism to detect the physical**
17 **location of a player at the time the player is wagering, and as frequently as specified in any**
18 **regulations promulgated by the state, through the Division. If the system detects that the physical**
19 **location of the patron at the time the player is wagering is in an area outside the State of Rhode**
20 **Island, or if it cannot detect the physical location of the patron, the system shall not accept that**
21 **patron's wagers until such time as the patron is determined to be physically located in the State of**
22 **Rhode Island.**

23 **(c) The server-based gaming system used to process wagers in connection with iGaming,**
24 **and all other hardware, software, and technology or equipment located on a hosting facility's**
25 **premises and used in connection with iGaming, shall be located in a restricted area on the hosting**
26 **facility's premises.**

27 **(d) Other than the server-based gaming system used for iGaming, the hardware, software**
28 **and other technology and equipment used by the iGaming game vendor and its suppliers do not**
29 **need to be located in the State of Rhode Island.**

30 **(e) iGaming shall only be engaged in by patrons who have established an online gaming**
31 **account pursuant to the rules and regulations promulgated by the Division.**

32 **42-61.2-18. Acceptance of out-of-state iGaming.**

33 **(a) Notwithstanding any other provision of law to the contrary, wagers may be accepted**
34 **under this chapter from persons who are not physically present in Rhode Island if the Division has**

1 determined that:

2 (1) Accepting the wagers is not inconsistent with federal or Rhode Island constitutional
3 and statutory law and not inconsistent with the law of the jurisdiction in which the person placing
4 the wagers is located; or

5 (2) The wagering is conducted pursuant to a reciprocal agreement to which Rhode Island
6 is a party that is not inconsistent with federal or state law, including Rhode Island constitutional
7 and statutory law.

8 (b) The Division may enter into an interactive gaming reciprocal agreement with a
9 regulatory agency of one or more other states or jurisdictions in which interactive gaming is
10 authorized to allow an interactive gaming operator to accept wagers from persons not physically
11 present in Rhode Island, and to allow persons physically present in Rhode Island to place wagers
12 with parties to the interactive gaming reciprocal agreement, if the Division has determined that the
13 reciprocal agreement is not inconsistent with federal and state law, including Rhode Island
14 constitutional and statutory law.

15 SECTION 4. This act shall take effect on January 1, 2024.

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LC002885/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO LOTTERY GAMES,
TABLE GAMES AND SPORTS WAGERING

- 1 This act would legalize iGaming by patrons located in the State of Rhode Island.
- 2 This act would take effect on January 1, 2024.

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LC002885/SUB A
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