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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- STATE LOTTERY

Introduced By: Senators Ciccone, Lombardi, McCaffrey, Felag, and Lynch Prata

Date Introduced: March 02, 2017

Referred To: Senate Special Legislation and Veterans Affairs

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 42-61 of the General Laws entitled "State Lottery" is hereby
2 repealed in its entirety.

3 ~~CHAPTER 42-61~~

4 ~~State Lottery~~

5 ~~**42-61-1. Division of state lottery established.**~~

6 ~~There is established a state lottery division within the department of revenue.~~

7 ~~**42-61-2. Repealed.**~~

8 ~~**42-61-3. Appointment of director of lotteries.**~~

9 ~~The lotteries shall be under the immediate supervision and direction of a director, who~~
10 ~~shall be a qualified person to administer an enterprise of the nature of a lottery. The director shall~~
11 ~~be appointed by the governor with the advice and consent of the senate. The appointment shall be~~
12 ~~reviewed or vetted by the permanent joint committee on state lottery according to Article 6~~
13 ~~Section 15 of the Rhode Island Constitution. The director shall serve until his or her successor is~~
14 ~~appointed and qualified. Any vacancy occurring in the office of the director shall be filled in the~~
15 ~~same manner as the original appointment. Pursuant to § 42-6-4, in the case of a vacancy while the~~
16 ~~senate is not in session, the governor shall appoint a director to hold the office until the next~~
17 ~~session thereof; provided, that no person should serve in such a position for more than three (3)~~
18 ~~legislative days after the senate convenes unless that person's name shall have been submitted to~~
19 ~~the senate for its approval. The director shall devote his or her entire time and attention to the~~

1 ~~duties of his or her office and shall not be engaged in any other profession or occupation. He or~~
2 ~~she shall receive any salary that the director of the department of revenue shall determine and~~
3 ~~shall be in the unclassified service.~~

4 ~~The director of lotteries shall be removable by the governor, pursuant to the provisions of~~
5 ~~§ 36-1-7 and for cause only, and removal solely for partisan or personal reasons unrelated to~~
6 ~~capacity or fitness for the office shall be unlawful.~~

7 **42-61-4. Powers and duties of director.**

8 ~~The director shall have the power and it shall be his or her duty to:~~

9 ~~(1) Supervise and administer the operation of lotteries in accordance with this chapter,~~
10 ~~chapter 61.2 of this title and with the rules and regulations of the division;~~

11 ~~(2) Act as the chief administrative officer having general charge of the office and records~~
12 ~~and to employ necessary personnel to serve at his or her pleasure and who shall be in the~~
13 ~~unclassified service and whose salaries shall be set by the director of the department of revenue,~~
14 ~~pursuant to the provisions of § 42-61-3.~~

15 ~~(3) In accordance with this chapter and the rules and regulations of the division, license~~
16 ~~as agents to sell lottery tickets those persons, as in his or her opinion, who will best serve the~~
17 ~~public convenience and promote the sale of tickets or shares. The director may require a bond~~
18 ~~from every licensed agent, in an amount provided in the rules and regulations of the division.~~
19 ~~Every licensed agent shall prominently display his or her license, or a copy of their license, as~~
20 ~~provided in the rules and regulations of the committee;~~

21 ~~(4) Confer regularly as necessary or desirable, and not less than nine (9) times per year,~~
22 ~~with the permanent joint committee on state lottery on the operation and administration of the~~
23 ~~lotteries; make available for inspection by the committee, upon request, all books, records, files,~~
24 ~~and other information, and documents of the division; advise the committee and recommend~~
25 ~~those matters that he or she deems necessary and advisable to improve the operation and~~
26 ~~administration of the lotteries;~~

27 ~~(5) Suspend or revoke any license issued pursuant to this chapter, chapter 61.2 of this title~~
28 ~~or the rules and regulations promulgated under this chapter and chapter 61.2 of this title;~~

29 ~~(6) Enter into contracts for the operation of the lotteries, or any part of the operation of~~
30 ~~the lotteries, and into contracts for the promotion of the lotteries;~~

31 ~~(7) Ensure that monthly financial reports are prepared providing gross monthly revenues,~~
32 ~~prize disbursements, other expenses, net income, and the amount transferred to the state general~~
33 ~~fund for keno and for all other lottery operations; submit this report to the state budget officer, the~~
34 ~~auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors, and~~

1 ~~the governor no later than the twentieth business day following the close of the month; the~~
2 ~~monthly report shall be prepared in a manner prescribed by the members of the revenues~~
3 ~~estimating conference; at the end of each fiscal year the director shall submit an annual report~~
4 ~~based upon an accrual system of accounting which shall include a full and complete statement of~~
5 ~~lottery revenues, prize disbursements and expenses, to the governor and the general assembly,~~
6 ~~which report shall be a public document and shall be filed with the secretary of state;~~

7 ~~(8) Carry on a continuous study and investigation of the state lotteries throughout the~~
8 ~~state, and the operation and administration of similar laws, which may be in effect in other states~~
9 ~~or countries;~~

10 ~~(9) Implement the creation and sale of commercial advertising space on lottery tickets as~~
11 ~~authorized by § 42-61-4 of this chapter as soon as practicable after June 22, 1994;~~

12 ~~(10) Promulgate rules and regulations, which shall include, but not be limited to:~~

13 ~~(i) The price of tickets or shares in the lotteries;~~

14 ~~(ii) The number and size of the prizes on the winning tickets or shares;~~

15 ~~(iii) The manner of selecting the winning tickets or shares;~~

16 ~~(iv) The manner of payment of prizes to the holders of winning tickets or shares;~~

17 ~~(v) The frequency of the drawings or selections of winning tickets or shares;~~

18 ~~(vi) The number and types of location at which tickets or shares may be sold;~~

19 ~~(vii) The method to be used in selling tickets or shares;~~

20 ~~(viii) The licensing of agents to sell tickets or shares, except that a person under the age~~
21 ~~of eighteen (18) shall not be licensed as an agent;~~

22 ~~(ix) The license fee to be charged to agents;~~

23 ~~(x) The manner in which the proceeds of the sale of lottery tickets or shares are~~
24 ~~maintained, reported, and otherwise accounted for;~~

25 ~~(xi) The manner and amount of compensation to be paid licensed sales agents necessary~~
26 ~~to provide for the adequate availability of tickets or shares to prospective buyers and for the~~
27 ~~convenience of the general public;~~

28 ~~(xii) The apportionment of the total annual revenue accruing from the sale of lottery~~
29 ~~tickets or shares and from all other sources for the payment of prizes to the holders of winning~~
30 ~~tickets or shares, for the payment of costs incurred in the operation and administration of the~~
31 ~~lotteries, including the expense of the division and the costs resulting from any contract or~~
32 ~~contracts entered into for promotional, advertising, consulting, or operational services or for the~~
33 ~~purchase or lease of facilities, lottery equipment, and materials, for the repayment of moneys~~
34 ~~appropriated to the lottery fund;~~

1 ~~(xiii) The superior court upon petition of the director after a hearing may issue subpoenas~~
2 ~~to compel the attendance of witnesses and the production of documents, papers, books, records,~~
3 ~~and other evidence in any matter over which it has jurisdiction, control or supervision. If a person~~
4 ~~subpoenaed to attend in the proceeding or hearing fails to obey the command of the subpoena~~
5 ~~without reasonable cause, or if a person in attendance in the proceeding or hearing refuses~~
6 ~~without lawful cause to be examined or to answer a legal or pertinent question or to exhibit any~~
7 ~~book, account, record, or other document when ordered to do so by the court, that person may be~~
8 ~~punished for contempt of the court;~~

9 ~~(xiv) The manner, standards, and specification for a process of competitive bidding for~~
10 ~~division purchases and contracts; and~~

11 ~~(xv) The sale of commercial advertising space on the reverse side of, or in other available~~
12 ~~areas upon, lottery tickets provided that all net revenue derived from the sale of the advertising~~
13 ~~space shall be deposited immediately into the state's general fund and shall not be subject to the~~
14 ~~provisions of § 42-61-15.~~

15 **42-61-5. Sales agents.**

16 ~~(a) For the purpose of this chapter, the term "person" shall be construed to mean and~~
17 ~~include an individual, association, partnership, corporation, trust, estate, company, receiver,~~
18 ~~trustee, referee, or other person acting in a fiduciary or representative capacity, whether appointed~~
19 ~~by a court or otherwise, and any combination of individuals. "Person" shall be construed to mean~~
20 ~~all departments, committees, commissions, agencies, and instrumentalities of the state, including~~
21 ~~counties and municipalities and agencies and instrumentalities of the state.~~

22 ~~(b) (1) The director of lotteries may license any person as a lottery sales agent as~~
23 ~~provided in this chapter. No license shall be issued to any person to engage in the sale of lottery~~
24 ~~tickets as his or her sole occupation or business.~~

25 ~~(2) As part of its investigation as to whether to issue a lottery sales agent license, the~~
26 ~~Rhode Island lottery shall require criminal background checks of the applicant for a retail sales~~
27 ~~agent license as it deems appropriate and said individuals shall apply to the bureau of criminal~~
28 ~~investigation of the Rhode Island state police or the Rhode Island department of the attorney~~
29 ~~general for a national criminal records check with fingerprinting. The applicant whose criminal~~
30 ~~records check is being conducted shall be responsible for the payment of the costs of said~~
31 ~~criminal records check. The Rhode Island state police or the Rhode Island department of attorney~~
32 ~~general, as applicable, shall send the results of such criminal records check to the Rhode Island~~
33 ~~lottery. Once said results are sent to and received by the Rhode Island lottery, the Rhode Island~~
34 ~~state police and the Rhode Island department of attorney general shall promptly destroy said~~

1 ~~fingerprint record(s). On or before February 1, 2011, the agency shall adopt rules and regulations~~
2 ~~establishing criteria to be used in determining whether based upon a criminal records check an~~
3 ~~application will be approved.~~

4 ~~(c) Before issuing any license to a lottery sales agent the director shall consider:~~

5 ~~(1) The financial responsibility and security of the person and his or her business or~~
6 ~~activity;~~

7 ~~(2) The accessibility of his or her place of business or activity to the public;~~

8 ~~(3) The sufficiency of existing licensed agents to serve the public interest;~~

9 ~~(4) The volume of expected sales by the applicant;~~

10 ~~(5) Any other factors pertaining to the public interest, convenience or trust.~~

11 ~~(d) The director shall refuse to grant or shall suspend, pending a hearing before the~~
12 ~~division, or recommend a revocation of a license if the applicant or licensee:~~

13 ~~(1) Has been convicted of a felony, or any crime involving moral turpitude;~~

14 ~~(2) Has been engaging in gambling as a significant source of income;~~

15 ~~(3) Has been convicted of violating any gambling statutes;~~

16 ~~(4) Has been convicted of fraud or misrepresentation in any connection;~~

17 ~~(5) Has been found to have violated any rule, regulation, or order of the state lottery~~
18 ~~division.~~

19 ~~The license of an agent shall be suspended by the director for any charge which may~~
20 ~~result in a conviction for conduct prescribed in subdivisions (d)(1) — (d)(5); which suspension~~
21 ~~shall be effective until a final judicial determination.~~

22 ~~(e) The director shall refuse to grant, or shall suspend, pending a hearing before the~~
23 ~~division, or recommend revocation of a license if the applicant or licensee is a corporation:~~

24 ~~(1) Any of whose directors, officers, or controlling shareholders have been found guilty~~
25 ~~of any of the activities specified in subsection (d);~~

26 ~~(2) In which it appears to the director of lotteries that due to the experience, character, or~~
27 ~~general fitness of any director, officer, or controlling shareholder, the granting of a license as a~~
28 ~~lottery sales agent would be inconsistent with the public interest, convenience, or trust;~~

29 ~~(3) Not the owner or lessee of the business at which it will conduct a lottery sales agency~~
30 ~~pursuant to the license applied for, or that any person, firm, association, or corporation other than~~
31 ~~the applicant shares or will share in the profits of the applicant, other than receiving dividends as~~
32 ~~a shareholder, or will participate in the management of the affairs of the applicant.~~

33 ~~(f) Every holder of a license as a lottery sales agent shall renew the license annually~~
34 ~~pursuant to the rules and regulations of the division. Licensees shall pay to the division a fee to be~~

1 ~~determined by the director upon receipt or renewal of a license.~~

2 ~~(g) Whenever requested by the director, the division of criminal identification of the~~
3 ~~department of the attorney general, the superintendent of state police, any superintendent or chief~~
4 ~~of police or sergeant of any city or town, shall furnish all information on convictions, arrests and~~
5 ~~present investigations concerning any person who is an applicant for a license or who is a licensee~~
6 ~~of the state lottery.~~

7 ~~(h) Notwithstanding any other provision of law, any person licensed as provided in this~~
8 ~~chapter is authorized and empowered to act as a lottery sales agent.~~

9 ~~(i) Every licensed sales agent authorized pursuant to this section and every licensed,~~
10 ~~video lottery retailer authorized by chapter 61.2 of this title shall keep conspicuously posted on~~
11 ~~his or her premises the name and telephone number of a council on problem gambling recognized~~
12 ~~by an appropriate authority within state government or within the professional field of addiction~~
13 ~~disorders and a statement of its availability to offer assistance. The lottery division shall supply~~
14 ~~each licensee with the required notice.~~

15 ~~**42-61-6. Proceeds of sales -- Segregated funds.**~~

16 ~~(a) All proceeds from the sale of lottery tickets or shares received by a person in the~~
17 ~~capacity of a sales agent shall constitute a trust fund until paid into the state lottery fund.~~

18 ~~(b) The sales agent shall be personally liable for all proceeds; and failure to pay the~~
19 ~~lottery division moneys owed, upon demand, from the sales or misappropriation of the funds shall~~
20 ~~constitute embezzlement under § 11-41-3.~~

21 ~~(c) The provisions of this section shall be enforced and prosecuted by the state police and~~
22 ~~the attorney general's office.~~

23 ~~**42-61-6.1. Repealed.**~~

24 ~~**42-61-6.2. Insolvency of sales agent.**~~

25 ~~Whenever any person who receives proceeds from the sale of lottery tickets in the~~
26 ~~capacity of a sales agent becomes insolvent, or dies insolvent, the proceeds due the state lottery~~
27 ~~from that person or his or her estate shall have preference over all other debts or demands, except~~
28 ~~as follows:~~

29 ~~(1) Those due for necessary funeral charges;~~

30 ~~(2) Those due for attendants and medicine during his or her last sickness;~~

31 ~~(3) Those debts due to the United States;~~

32 ~~(4) Those debts due to this state and all state and town taxes; and~~

33 ~~(5) Wages of labor performed within six (6) months next prior to the death of the~~
34 ~~deceased person, not exceeding one thousand dollars (\$1000) to any one person and provided~~

1 further that the proceeds shall be non-dischargeable in insolvency proceedings instituted pursuant
2 to chapters 7, (11 U.S.C. § 701 et seq.), 11, (11 U.S.C. § 1101 et seq.), and 13 (11 U.S.C. § 1301
3 et seq.) of the Federal Bankruptcy Act and to any act of the Congress of the United States or
4 proceedings pursuant to the general laws of the state.

5 ~~**42-61-7. Assignment of prizes.**~~

6 No right of any person to a prize drawn shall be assignable, except that payment of any
7 prize drawn may be paid to the estate of a deceased prize winner, and except that any person
8 pursuant to an appropriate judicial order may be paid the prize to which the winner is entitled.
9 The director shall be discharged of all further liability upon payment of a prize pursuant to this
10 section.

11 ~~**42-61-7.1. Payment of prizes in excess of six hundred dollars (\$600) -- Setoff for**~~
12 ~~**child support debts and benefit of overpayments.**~~

13 Notwithstanding the provisions of § 42-61-7 relating to assignment of prizes, the
14 following setoff provisions shall apply to the payment of any prizes or winning ticket in excess of
15 six hundred dollars (\$600):

16 (1) ~~With respect to a person entitled to receive the prize or winning ticket who has an~~
17 ~~unpaid child support order(s) arrearage(s) in excess of five hundred (\$500), as provided by the~~
18 ~~department pursuant to § 42-61-7.1(3), or owes any sum in excess of five hundred dollars (\$500)~~
19 ~~for benefit overpayments and interest to the department of labor and training determined to be~~
20 ~~recoverable under the provisions of chapters 39—44 of title 28, the lottery director:~~

21 (i) ~~Shall set off against the amount due to that person after state and federal tax~~
22 ~~withholding an amount up to the balance of the child support arrearage(s), and benefit~~
23 ~~overpayments and interest owed to the department of labor and training, and the director shall~~
24 ~~make payment of this amount directly to the Rhode Island family court in the case of child~~
25 ~~support arrearage(s) which shall deposit the amount set off into the registry of the family court for~~
26 ~~a period of forty five (45) days, or if an application for review has been filed pursuant to § 27-57-~~
27 ~~1(d), until final disposition of the application until further order of the court and in the case of~~
28 ~~benefit overpayments and interest owed the director shall transfer the amounts owed to the~~
29 ~~department of labor and training; and~~

30 (ii) ~~Shall pay to this person the remaining balance of the prize or winning ticket amount,~~
31 ~~if any, after reduction of the amount set off above for child support and benefit overpayments and~~
32 ~~interest owed. If any instance, the lottery director has received notice from more than one~~
33 ~~claimant agency, the claim for child support arrearage(s) by the department of human services~~
34 ~~shall receive first priority and the claim for benefit overpayments and interest owed by the~~

1 ~~department of labor and training the second priority.~~

2 ~~(2) The director shall be discharged of all further liability upon payment of a prize or~~
3 ~~winning ticket pursuant to this section.~~

4 ~~(3) The department of human services shall periodically within each year furnish the~~
5 ~~director with a list or compilation of names of individuals, together with any other identifying~~
6 ~~information and in a form that the director shall require, who as of the date of the list or~~
7 ~~compilation, have an unpaid child support order arrearage in excess of five hundred dollars~~
8 ~~(\$500) as shown on the Rhode Island family court degrees department of human services child~~
9 ~~support enforcement computer system ("CSE system"). For the purposes of this section, the terms~~
10 ~~used in this section shall be given the meaning and definitions specified in § 15-16-2.~~

11 ~~(4) Any party aggrieved by any action taken under this section may within thirty (30)~~
12 ~~days of the withholding of the payment by the lottery director seek judicial review in the family~~
13 ~~court, in the case of withholding for child support or in the district court in the case of benefit~~
14 ~~overpayments and interest owed, which may, in its discretion, issue a temporary order prohibiting~~
15 ~~the disbursement of funds under this section, pending final adjudication.~~

16 ~~(5) The department of labor and training shall periodically within each year furnish the~~
17 ~~director with a list or compilation of names of individuals, together with any identifying~~
18 ~~information and in any form that the director requires, who as to the date of the list or~~
19 ~~compilation, have unpaid benefit overpayments and interest in excess of five hundred dollars~~
20 ~~(\$500) determined to be recoverable under the provisions of chapters 39—44 of title 28.~~

21 ~~{See § 12-1-15 of the General Laws.}~~

22 ~~**42-61-7.2. Payment of prizes in excess of six hundred dollars (\$600) -- Setoff for**~~
23 ~~**unpaid taxes.**~~

24 ~~Notwithstanding the provisions of § 42-61-7 and § 42-61-7.1 relating to assignment of~~
25 ~~prizes and setoff for child support debts and benefit overpayments, the following setoff provisions~~
26 ~~shall apply to the payment of any prizes or winning ticket in excess of six hundred dollars (\$600).~~

27 ~~(1) With respect to a person entitled to receive the prize or winning ticket who has unpaid~~
28 ~~taxes owed to the tax administrator in excess of six hundred dollars (\$600), as evidenced by the~~
29 ~~tax administrator pursuant to subdivision 42-61-7.2(3), the lottery director:~~

30 ~~(i) Shall setoff against the amount due to that person after state and federal tax~~
31 ~~withholding an amount up to the balance of the unpaid taxes owed as evidenced by the tax~~
32 ~~administrator pursuant to subdivision 42-61-7.2(3), and the director shall make payment of this~~
33 ~~amount directly to the tax administrator; and~~

34 ~~(ii) Shall pay to that person the remaining balance of the prize or winning ticket amount,~~

1 ~~if any, after reduction of the amount setoff above for taxes owed. If in any instance, the lottery~~
2 ~~director has received notice from more than one claimant agency, the claim for child support~~
3 ~~arrears(s) owed to the department of human services shall receive first (1st) priority, the claim~~
4 ~~for benefit overpayments and interest owed to the department of labor and training the second~~
5 ~~(2nd) priority, and the claim for taxes owed to the tax administrator the third (3rd) priority.~~

6 ~~(2) The director shall be discharged of all further liability upon payment of a prize or~~
7 ~~winning ticket pursuant to this section.~~

8 ~~(3) The tax administrator shall periodically within each year furnish the director with a~~
9 ~~list or compilation of names of individuals, together with any other identifying information and in~~
10 ~~a form that the director shall require, who as of the date of the list or compilation, have unpaid~~
11 ~~taxes in excess of six hundred dollars (\$600).~~

12 ~~(4) Any party aggrieved by any action taken under this section may, within thirty (30)~~
13 ~~days of the withholding of the payment by the lottery director, seek a review with the tax~~
14 ~~administrator, who may, in his or her discretion, issue a temporary order prohibiting the~~
15 ~~disbursement of funds under this section, pending final decision.~~

16 ~~**42-61-8. Sales above fixed price --- Unlicensed sales --- Gifts.**~~

17 ~~No person shall sell a ticket or share at a price greater than that fixed by rule or regulation~~
18 ~~of the division. No person other than a licensed lottery sales agent shall sell lottery tickets or~~
19 ~~shares, except that nothing in this section shall be construed to prevent any individual purchaser~~
20 ~~from giving lottery tickets or shares to another as a gift. Any person convicted of violating this~~
21 ~~section shall be guilty of a misdemeanor.~~

22 ~~**42-61-9. Sales to minors --- Gifts.**~~

23 ~~No ticket or share shall be sold to any person under the age of eighteen (18) years, but~~
24 ~~this shall not be deemed to prohibit the purchase of a ticket or share for the purpose of making a~~
25 ~~gift by a person eighteen (18) years of age or older to a person less than that age. Any licensee~~
26 ~~who knowingly sells or offers to sell a lottery ticket or share to any person under the age of~~
27 ~~eighteen (18) shall, upon conviction, be guilty of a misdemeanor.~~

28 ~~**42-61-10. Prizes to lottery employees.**~~

29 ~~No lottery prize award shall be awarded to or for any officer or employee of the state~~
30 ~~lottery division, or any blood relative of that officer or employee living as a member of that~~
31 ~~officer or employee's household.~~

32 ~~**42-61-11. Unclaimed prize money.**~~

33 ~~Unclaimed prize money for the prize on a winning ticket or share shall be retained by the~~
34 ~~director for the person entitled thereto for one year after the drawing in which the prize was won.~~

1 ~~If no claim is made for the money within that year, the prize money shall automatically revert to~~
2 ~~the lottery fund and the winner shall have no claim to the prize.~~

3 ~~**42-61-12. Deposit of receipts -- Reports.**~~

4 ~~The director shall, in accordance with rules and regulations, require any and all lottery~~
5 ~~sales agents to deposit to the credit of the state lottery fund in financial institutions designated by~~
6 ~~the division all moneys received by those agents from the sale of lottery tickets or shares, less the~~
7 ~~amount, if any, retained as compensation for the sale of tickets or shares and less any moneys~~
8 ~~paid out as prizes by the agents, and to file with the director, or his or her designated agents,~~
9 ~~reports of their receipts and transactions in the sale of lottery tickets in any form and containing~~
10 ~~any information he or she may require. The director may make any arrangements for any person,~~
11 ~~including a financial institution, to perform any functions, activities, or services in connection~~
12 ~~with the operation of the lottery as he or she may deem advisable pursuant to this chapter and the~~
13 ~~rules and regulations of the division, and the functions, activities, or services shall constitute~~
14 ~~lawful functions, activities, and services of the person.~~

15 ~~**42-61-13. Applicability of other laws.**~~

16 ~~No other law providing any penalty or disability for the sale of lottery tickets, or any acts~~
17 ~~done in connection with a lottery, shall apply to the sale of tickets or shares performed pursuant to~~
18 ~~this chapter.~~

19 ~~**42-61-14. Payment of prizes to minors and persons under legal disabilities.**~~

20 ~~(a) If the person entitled to a prize or any winning ticket is under the age of eighteen (18)~~
21 ~~years, the director shall direct payment to the minor by depositing the amount of the prize in any~~
22 ~~financial institution to the credit of a member of the minor's family or legal guardian of the minor~~
23 ~~as custodian for that minor. The person named as custodian shall have the same duties and~~
24 ~~powers as a person designated as a custodian in a manner prescribed by the "Rhode Island~~
25 ~~Uniform Gifts to Minors Act".~~

26 ~~(b) If a person entitled to a prize or any winning ticket is under any other legal disability,~~
27 ~~the director shall direct payment to a fiduciary responsible for that person pursuant to the laws of~~
28 ~~this state.~~

29 ~~(c) The director shall be relieved of all further liability upon payment of a prize to a~~
30 ~~minor or person under a legal disability pursuant to this section.~~

31 ~~**42-61-15. State lottery fund.**~~

32 ~~(a) There is created the state lottery fund, into which shall be deposited all revenues~~
33 ~~received by the division from the sales of lottery tickets and license fees. The fund shall be in the~~
34 ~~custody of the general treasurer, subject to the direction of division for the use of the division, and~~

1 ~~money shall be disbursed from it on the order of the controller of the state, pursuant to vouchers~~
2 ~~or invoices signed by the director and certified by the director of administration. The moneys in~~
3 ~~the state lottery fund shall be allotted in the following order, and only for the following purposes:~~

4 ~~(1) Establishing a prize fund from which payments of the prize awards shall be disbursed~~
5 ~~to holders of winning lottery tickets on checks signed by the director and countersigned by the~~
6 ~~controller of the state or his or her designee.~~

7 ~~(i) The amount of payments of prize awards to holders of winning lottery tickets shall be~~
8 ~~determined by the division, but shall not be less than forty five percent (45%) nor more than~~
9 ~~sixty five percent (65%) of the total revenue accruing from the sale of lottery tickets.~~

10 ~~(ii) For the lottery game commonly known as "Keno", the amount of prize awards to~~
11 ~~holders of winning Keno tickets shall be determined by the division, but shall not be less than~~
12 ~~forty five percent (45%) nor more than seventy two percent (72%) of the total revenue accruing~~
13 ~~from the sale of Keno tickets.~~

14 ~~(2) Payment of expenses incurred by the division in the operation of the state lotteries~~
15 ~~including, but not limited to, costs arising from contracts entered into by the director for~~
16 ~~promotional, consulting, or operational services, salaries of professional, technical, and clerical~~
17 ~~assistants, and purchases or lease of facilities, lottery equipment, and materials; provided~~
18 ~~however, solely for the purpose of determining revenues remaining and available for transfer to~~
19 ~~the state's general fund, beginning in fiscal year 2015, expenses incurred by the division in the~~
20 ~~operation of state lotteries shall reflect the actuarially determined employer contribution to the~~
21 ~~Employees' Retirement System consistent with the state's adopted funding policy. For financial~~
22 ~~reporting purposes, the state lottery fund financial statements shall be prepared in accordance~~
23 ~~with generally accepted accounting principles as promulgated by the Governmental Accounting~~
24 ~~Standards Board; and~~

25 ~~(3) Payment into the general revenue fund of all revenues remaining in the state lottery~~
26 ~~fund after the payments specified in subdivisions (a)(1) — (a)(2) of this section.~~

27 ~~(b) The auditor general shall conduct an annual post audit of the financial records and~~
28 ~~operations of the lottery for the preceding year in accordance with generally accepted auditing~~
29 ~~standards and government auditing standards. In connection with the audit, the auditor general~~
30 ~~may examine all records, files, and other documents of the division, and any records of lottery~~
31 ~~sales agents that pertain to their activities as agents, for purposes of conducting the audit. The~~
32 ~~auditor general, in addition to the annual post audit, may require or conduct any other audits or~~
33 ~~studies he or she deems appropriate, the costs of which shall be borne by the division.~~

34 ~~(c) Payments into the state's general fund specified in subsection (a)(3) of this section~~

1 ~~shall be made on an estimated quarterly basis. Payment shall be made on the tenth business day~~
2 ~~following the close of the quarter except for the fourth quarter when payment shall be on the last~~
3 ~~business day.~~

4 ~~**42-61-16. Penalties for forgery and counterfeiting.**~~

5 ~~Any person who, with intent to defraud, shall falsely make, alter, forge, utter, pass, or~~
6 ~~counterfeit a state lottery ticket or share shall be guilty of a felony punishable by imprisonment~~
7 ~~for not more than ten (10) years or by a fine of not more than one thousand dollars (\$1,000) or~~
8 ~~both.~~

9 ~~**42-61-17. Prizes exempt from taxation.**~~

10 ~~The prizes received pursuant to this chapter shall be exempt from the state sales or use~~
11 ~~tax.~~

12 ~~**42-61-18. Repealed.**~~

13 SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND
14 GOVERNMENT" is hereby amended by adding thereto the following chapter:

15 CHAPTER 61.4

16 STATE LOTTERY AND LOTTERY COMMISSION

17 ~~**42-61.4-1. Lottery commission established.**~~

18 ~~(a) There is established a state lottery commission hereinafter referred to as the~~
19 ~~commission which shall consist of nine (9) members, all of whom shall be citizens and residents~~
20 ~~of this state: three (3) of whom shall be members of the senate, not more than two (2) from the~~
21 ~~same political party, to be appointed by the president of the senate; three (3) of whom shall be~~
22 ~~members of the house of representatives, not more than two (2) from the same political party, to~~
23 ~~be appointed by the speaker of the house; and three (3) of whom shall be representatives of the~~
24 ~~general public to be appointed by the governor.~~

25 ~~(b) The members shall be appointed for terms of three (3) years except for the three (3)~~
26 ~~members originally appointed by each of the appointing authorities; one shall be appointed for a~~
27 ~~term of one year, one shall be appointed for a term of two (2) years and one for a term of three (3)~~
28 ~~years. The members shall annually elect one of them as chairperson of the commission.~~

29 ~~(c) Any vacancy on the commission, occurring for any reason prior to the expiration of~~
30 ~~the term, including, but not limited to, termination of active membership in the general assembly,~~
31 ~~shall be filled for the unexpired term by the appointing authority in the same manner as the~~
32 ~~original appointment.~~

33 ~~(d) Any member of the commission may, for cause, be summarily removed from office~~
34 ~~by the appointing authority, which removal shall be subject to judicial review by the superior~~

1 court and pending that review the member shall not carry out any duties as a commission
2 member.

3 (e) The members of the commission shall receive no salaries, but shall be allowed
4 reasonable expenses in the performance of their official duties.

5 (f) The commission shall meet with the director of lotteries hereinafter referred to as the
6 director appointed under §42-61.4-2 not less than nine (9) times each year, for the purpose of
7 promulgating and reviewing rules and regulations relating to the lotteries, to make
8 recommendations and set policy for lotteries, to approve or reject actions of the director, and to
9 transact other business that may be properly brought before the commission. The rules and
10 regulations promulgated by the commission shall include, but not be limited to:

11 (1) The types of lotteries to be conducted;

12 (2) The price of tickets or shares in the lotteries;

13 (3) The number and size of the prizes on the winning tickets or shares;

14 (4) The manner of selecting the winning tickets or shares;

15 (5) The manner of payment of prizes to the holders of winning tickets or shares;

16 (6) The frequency of the drawings or selections of winning tickets or shares;

17 (7) The number and types of location at which tickets or shares may be sold;

18 (8) The method to be used in selling tickets or shares;

19 (9) The licensing of agents to sell tickets or shares, except that a person under the age of
20 eighteen (18) shall not be licensed as an agent;

21 (10) The license fee to be charged to agents;

22 (11) The manner in which the proceeds of the sale of lottery tickets or shares are
23 maintained, reported, and otherwise accounted for;

24 (12) The manner and amount of compensation to be paid licensed sales agents necessary
25 to provide for the adequate availability of tickets or shares to prospective buyers and for the
26 convenience of the general public;

27 (13) The apportionment of the total annual revenue accruing from the sale of lottery
28 tickets or shares and from all other sources for the payment of prizes to the holders of winning
29 tickets or shares, for the payment of costs incurred in the operation and administration of the
30 lotteries, including the expense of the commission and the costs resulting from any contract or
31 contracts entered into for promotional, advertising, consulting, or operational services or for the
32 purchase or lease of facilities, lottery equipment, and materials, for the repayment of monies
33 appropriated to the lottery fund;

34 (14) The superior court, upon petition of the majority of the commission, after a hearing,

1 may issue subpoenas to compel the attendance of witnesses and the production of documents,
2 papers, books, records, and other evidence before it in any matter over which it has jurisdiction,
3 control or supervision. If a person subpoenaed to attend in the proceeding or hearing fails to obey
4 the command of the subpoena without reasonable cause, or if a person in attendance in the
5 proceeding or hearing refuses without lawful cause to be examined or to answer a legal or
6 pertinent question or to exhibit any book, account, record, or other document when ordered to do
7 so by the court, that person may be punished for contempt of the court;

8 (15) No action of the commission shall be binding unless taken at a meeting at which at
9 least five (5) of the members are present and a majority of those present and voting are in favor of
10 the action of the commission. The rules and regulations promulgated by the commission or any
11 amendments, revisions, supplements, or repeal thereof, shall be immediately transmitted, and
12 under the certification of the executive secretary of the commission, to the secretary of state for
13 filing;

14 (16) The manner, standards, and specifications for a process of competitive bidding for
15 commission purchases and contracts;

16 (17) The sale of commercial advertising space on the reverse side of, or in other available
17 areas upon, lottery tickets provided that all net revenue derived from the sale of the advertising
18 space shall be deposited immediately into the state's general fund;

19 (18) Establish job descriptions, employment qualifications, and salaries for necessary
20 personnel to serve the director; and

21 (19) Establish standards for suspension and revocation of licenses issued pursuant to this
22 chapter or the rules and regulations promulgated under this chapter and guidelines for periods of
23 suspension.

24 **42-61.4-2. Appointment of director of lotteries.**

25 The lotteries shall be under the immediate supervision and direction of a director, who
26 shall be a qualified person to administer an enterprise of the nature of a lottery. The director shall
27 be appointed by the governor with the majority approval of the commission and shall serve at the
28 pleasure of the commission. Any vacancy occurring in the office of the director shall be filled in
29 the same manner as the original appointment. The director shall devote the director's entire time
30 and attention to the duties of their office and shall not be engaged in any other profession or
31 occupation. The director shall receive any salary that the commission shall determine and shall be
32 in the unclassified service.

33 **42-61.4-3. Powers and duties of director.**

34 The director shall have the power and it shall be the director's duty to:

1 (1) Supervise and administer the operation of lotteries in accordance with this chapter and
2 with the rules and regulations of the commission;

3 (2) Act as the chief administrative officer having general charge of the office and records
4 and to employ temporarily, subject to the requirements set forth by the commission, necessary
5 personnel to serve at the director's pleasure and who shall be in the unclassified service and
6 whose salaries shall be set by the commission;

7 (3) Act as executive secretary of the commission;

8 (4) In accordance with this chapter and the rules and regulations of the commission,
9 license as agents to sell lottery tickets those persons, as in the director's opinion, who will best
10 serve the public convenience and promote the sale of tickets or shares. The director may require a
11 bond from every licensed agent, in an amount provided in the rules and regulations of the
12 commission. Every licensed agent shall prominently display their license, or a copy of their
13 license, as provided in the rules and regulations of the commission;

14 (5) Confer regularly as necessary or desirable, and not less than once each month, with
15 the commission on the operation and administration of the lotteries; make available for inspection
16 by the commission, upon request, all books, records, files, and other information, and documents
17 of the commission; advise the commission and recommend those matters that the director deems
18 necessary and advisable to improve the operation and administration of the lotteries;

19 (6) Suspend or revoke any license issued pursuant to this chapter or the rules and
20 regulations promulgated under this chapter in conformity with standards and guidelines set forth
21 by the commission;

22 (7) Subject to the rules and regulations set forth by the commission, enter into contracts
23 for the operation of the lotteries, or any part of the operation of the lotteries, and into contracts for
24 the promotion of the lotteries. No contract awarded or entered into by the director may be
25 assigned by the holder except by specific written approval of the director;

26 (8) Ensure that monthly financial reports are prepared providing gross monthly revenues,
27 prize disbursements, other expenses, net income, and the amount transferred to the state general
28 fund for keno and for all other lottery operations; submit this report to the state budget officer, the
29 auditor general, the commission, the legislative fiscal advisors, and the governor no later than the
30 twentieth business day following the close of the month; the monthly report shall be prepared in a
31 manner prescribed by the members of the revenues estimating conference; at the end of each
32 fiscal year the director shall submit an annual report based upon an accrual system of accounting
33 which shall include a full and complete statement of lottery revenues, prize disbursements and
34 expenses, to the governor and the general assembly, which report shall be a public document and

1 shall be filed with the secretary of state:

2 (9) Carry on a continuous study and investigation of the state lotteries throughout the
3 country, and the operation and administration of similar laws which may be in effect in other
4 states or countries; and

5 (10) Implement and maintain the creation and sale of commercial advertising space on
6 lottery tickets.

7 **42-61.4-4. Sales agents.**

8 (a) For the purpose of this chapter, the term "person" shall be construed to mean and
9 include an individual, association, partnership, corporation, trust, estate, company, receiver,
10 trustee, referee, or other person acting in a fiduciary or representative capacity, whether appointed
11 by a court or otherwise, and any combination of individuals. "Person" shall be construed to mean
12 all departments, commissions, agencies, and instrumentalities of the state, including
13 municipalities.

14 (b) The director of the state lottery commission may license any person as a lottery sales
15 agent as provided in this chapter. No license shall be issued to any person to engage in the sale of
16 lottery tickets as their sole occupation or business.

17 (c) Before issuing any license to a lottery sales agent the director shall consider:

18 (1) The financial responsibility and security of the person and their business or activity;

19 (2) The accessibility of their place of business or activity to the public;

20 (3) The sufficiency of existing licensed agents to serve the public interest;

21 (4) The volume of expected sales by the applicant;

22 (5) Any other factors pertaining to the public interest, convenience or trust.

23 (d) The director shall refuse to grant or shall suspend, or recommend a revocation of a
24 license if the applicant or licensee:

25 (1) Has been convicted of a felony, or any crime involving moral turpitude;

26 (2) Has been engaging in gambling as a significant source of income;

27 (3) Has been convicted of violating any gambling statutes;

28 (4) Has been convicted of fraud or misrepresentation in any connection; or

29 (5) Has been found to have violated any rule, regulation, or order of the state lottery
30 commission.

31 (e) The license of an agent shall be suspended by the director for any charge which may
32 result in a conviction for conduct prescribed in subsections (d)(1) through (d)(5) of this section,
33 which suspension shall be effective until a final judicial determination.

34 (f) The director shall refuse to grant, or shall suspend, pending a hearing before the

1 commission, or recommend revocation of a license if the applicant or licensee is a corporation:

2 (1) Any of whose directors, officers, or controlling shareholders have been found guilty
3 of any of the activities specified in subsections (d) of this section:

4 (2) In which it appears to the director of the state lottery commission that due to the
5 experience, character, or general fitness of any director, officer, or controlling shareholder, the
6 granting of a license as a lottery sales agent would be inconsistent with the public interest,
7 convenience, or trust;

8 (3) Not the owner or lessee of the business at which it will conduct a lottery sales agency
9 pursuant to the license applied for, or that any person, firm, association, or corporation other than
10 the applicant shares or will share in the profits of the applicant, other than receiving dividends as
11 a shareholder, or will participate in the management of the affairs of the applicant.

12 (g) Every holder of a license as a lottery sales agent shall renew the license annually
13 pursuant to the rules and regulations of the commission. Licensees shall pay to the commission a
14 fee to be determined by the commission upon receipt or renewal of a license.

15 (h) Whenever requested by the director, the division of criminal identification of the
16 department of the attorney general, the superintendent of state police, any superintendent or chief
17 of police or sergeant of any city or town, shall furnish all information on convictions, arrests and
18 present investigations concerning any person who is an applicant for a license or who is a licensee
19 of the state lottery.

20 (i) Notwithstanding any other provision of law, any person licensed as provided in this
21 chapter is authorized and empowered to act as a lottery sales agent.

22 (j) Every licensed sales agent authorized pursuant to this section and every licensed video
23 lottery retailer authorized by chapter 61.2 of this title shall keep conspicuously posted on their
24 premises the name and telephone number of a council on problem gambling recognized by an
25 appropriate authority within state government or within the professional field of addiction
26 disorders and a statement of its availability to offer assistance. The lottery commission shall
27 supply each licensee with the required notice.

28 **42-61.4-5. Proceeds of sales -- Segregated funds.**

29 (a) All proceeds from the sale of lottery tickets or shares received by a person in the
30 capacity of a sales agent shall constitute a trust fund until paid into the state lottery fund.

31 (b) The sales agent shall be personally liable for all proceeds; and failure to pay the
32 lottery commission monies owed, upon demand, from the sales or misappropriation of the funds
33 shall constitute embezzlement under §11-41-3.

34 (c) The provisions of this section shall be enforced and prosecuted by the state police and

1 [the attorney general's office.](#)

2 **42-61.4-6. Insolvency of sales agent.**

3 [Whenever any person who receives proceeds from the sale of lottery tickets in the](#)
4 [capacity of a sales agent becomes insolvent, or dies insolvent, the proceeds due the state lottery](#)
5 [from that person or their estate shall have preference over all other debts or demands, except as](#)
6 [follows:](#)

7 [\(1\) Those due for necessary funeral charges;](#)

8 [\(2\) Those due for attendants and medicine during their last sickness;](#)

9 [\(3\) Those debts due to the United States;](#)

10 [\(4\) Those debts due to this state and all state and town taxes; and](#)

11 [\(5\) Wages of labor performed within six \(6\) months next prior to the death of the](#)
12 [deceased person, not exceeding one thousand dollars \(\\$1000\) to any one person and provided](#)
13 [further that the proceeds shall be non-dischargeable in insolvency proceedings instituted pursuant](#)
14 [to chapters 7, \(11 U.S.C. §701 et seq.\), 11, \(11 U.S.C. §1101 et seq.\), and 13 \(11 U.S.C. §1301 et](#)
15 [seq.\) of the Federal Bankruptcy Act and to any act of the Congress of the United States or](#)
16 [proceedings pursuant to the general laws of the state.](#)

17 **42-61.4-7. Assignment of prizes.**

18 [No right of any person to a prize drawn shall be assignable, except that payment of any](#)
19 [prize drawn may be paid to the estate of a deceased prize winner, and except that any person](#)
20 [pursuant to an appropriate judicial order may be paid the prize to which the winner is entitled.](#)
21 [The director shall be discharged of all further liability upon payment of a prize pursuant to this](#)
22 [section.](#)

23 **42-61.4-8. Payment of prizes in excess of six hundred dollars (\$600) – Setoff for child**
24 **support debts and benefit of overpayments.**

25 [Notwithstanding the provisions of §42-61.4-7 relating to assignment of prizes, the](#)
26 [following setoff provisions shall apply to the payment of any prizes or winning ticket in excess of](#)
27 [six hundred dollars \(\\$600\).](#)

28 [\(1\) With respect to a person entitled to receive the prize or winning ticket who has an](#)
29 [unpaid child support order\(s\) arrearage\(s\) in excess of five hundred \(\\$500\), as provided by the](#)
30 [department of human services pursuant to §42-61.4-8\(3\), or owes any sum in excess of five](#)
31 [hundred dollars \(\\$500\) for benefit overpayments and interest to the department of labor and](#)
32 [training determined to be recoverable under the provisions of chapters 39 through 44 of title 28,](#)
33 [the lottery director:](#)

34 [\(i\) Shall set off against the amount due to that person after state and federal tax](#)

1 withholding an amount up to the balance of the child support arrearage(s), and benefit
2 overpayments and interest owed to the department of labor and training, and the director shall
3 make payment of this amount directly to the Rhode Island family court in the case of child
4 support arrearage(s) which shall deposit the amount set off into the registry of the family court for
5 a period of forty-five (45) days, or if an application for review has been filed pursuant to §27-57-
6 1(d), until final disposition of the application until further order of the court and in the case of
7 benefit overpayments and interest owed the director shall transfer the amounts owed to the
8 department of labor and training; and

9 (ii) Shall pay to this person the remaining balance of the prize or winning ticket amount,
10 if any, after reduction of the amount set off above for child support and benefit overpayments and
11 interest owed. If any instance, the lottery director has received notice from more than one
12 claimant agency, the claim for child support arrearage(s) by the department of human services
13 shall receive first priority and the claim for benefit overpayments and interest owed by the
14 department of labor and training the second priority.

15 (2) The director shall be discharged of all further liability upon payment of a prize or
16 winning ticket pursuant to this section.

17 (3) The department of human services shall periodically within each year furnish the
18 director with a list or compilation of names of individuals, together with any other identifying
19 information and in a form that the director shall require, who as of the date of the list or
20 compilation, have an unpaid child support order arrearage in excess of five hundred dollars
21 (\$500) as shown on the Rhode Island family court degrees department of human services child
22 support enforcement computer system ("CSE system"). For the purposes of this section, the terms
23 used in this section shall be given the meaning and definitions specified in §15-16-2.

24 (4) Any party aggrieved by any action taken under this section may within thirty (30)
25 days of the withholding of the payment by the lottery director seek judicial review in the family
26 court, in the case of withholding for child support or in the district court in the case of benefit
27 overpayments and interest owed, which may, in its discretion, issue a temporary order prohibiting
28 the disbursement of funds under this section, pending final adjudication.

29 (5) The department of labor and training shall periodically within each year furnish the
30 director with a list or compilation of names of individuals, together with any identifying
31 information and in any form that the director requires, who as to the date of the list or
32 compilation, have unpaid benefit overpayments and interest in excess of five hundred dollars
33 (\$500) determined to be recoverable under the provisions of chapters 39 through 44 of title 28.

34 [See §12-1-15 of the general laws.]

1 **42-61.4-9. Payment of prizes in excess of six hundred dollars (\$600) – Setoff for**
2 **unpaid taxes.**

3 Notwithstanding the provisions of §42-61-7 and §42-61-7.1 relating to assignment of
4 prizes and setoff for child support debts and benefit overpayments, the following setoff provisions
5 shall apply to the payment of any prizes or winning ticket in excess of six hundred dollars (\$600).

6 (1) With respect to a person entitled to receive the prize or winning ticket who has unpaid
7 taxes owed to the tax administrator in excess of six hundred dollars (\$600), as evidenced by the
8 tax administrator pursuant to §42-61-7.2(3), the lottery director:

9 (i) Shall setoff against the amount due to that person after state and federal tax
10 withholding an amount up to the balance of the unpaid taxes owed as evidenced by the tax
11 administrator pursuant to §42-61-7.2(3), and the director shall make payment of this amount
12 directly to the tax administrator; and

13 (ii) Shall pay to that person the remaining balance of the prize or winning ticket amount,
14 if any, after reduction of the amount setoff above for taxes owed. If in any instance, the lottery
15 director has received notice from more than one claimant agency, the claim for child support
16 arrearage(s) owed to the department of human services shall receive first priority, the claim for
17 benefit overpayments and interest owed to the department of labor and training the second
18 priority, and the claim for taxes owed to the tax administrator the third priority.

19 (2) The director shall be discharged of all further liability upon payment of a prize or
20 winning ticket pursuant to this section.

21 (3) The tax administrator shall periodically within each year furnish the director with a
22 list or compilation of names of individuals, together with any other identifying information and in
23 a form that the director shall require, who as of the date of the list or compilation, have unpaid
24 taxes in excess of six hundred dollars (\$600).

25 (4) Any party aggrieved by any action taken under this section may, within thirty (30)
26 days of the withholding of the payment by the lottery director, seek a review with the tax
27 administrator, who may, in their discretion, issue a temporary order prohibiting the disbursement
28 of funds under this section, pending final decision.

29 **42-61.4-10. Sales above fixed price – Unlicensed sales -- Gifts.**

30 No person shall sell a ticket or share at a price greater than that fixed by rule or regulation
31 of the division. No person other than a licensed lottery sales agent shall sell lottery tickets or
32 shares, except that nothing in this section shall be construed to prevent any individual purchaser
33 from giving lottery tickets or shares to another as a gift. Any person convicted of violating this
34 section shall be guilty of a misdemeanor.

1 **42-61.4-11. Sales to minors -- Gifts.**

2 No ticket or share shall be sold to any person under the age of eighteen (18) years, but
3 this shall not be deemed to prohibit the purchase of a ticket or share for the purpose of making a
4 gift by a person eighteen (18) years of age or older to a person less than that age. Any licensee
5 who knowingly sells or offers to sell a lottery ticket or share to any person under the age of
6 eighteen (18) shall, upon conviction, be guilty of a misdemeanor.

7 **42-61.4-12. Prizes to lottery employees.**

8 No lottery prize award shall be awarded to or for any officer or employee of the
9 commission, or any blood relative of that officer or employee living as a member of that officer
10 or employee's household.

11 **42-61.4-13. Unclaimed prize money.**

12 Unclaimed prize money for the prize on a winning ticket or share shall be retained by the
13 director for the person entitled thereto for one year after the drawing in which the prize was won.
14 If no claim is made for the money within that year, the prize money shall automatically revert to
15 the lottery fund and the winner shall have no claim to the prize.

16 **42-61.4-14. Deposit of receipts -- Reports.**

17 The director shall, in accordance with rules and regulations, require any and all lottery
18 sales agents to deposit to the credit of the state lottery fund in financial institutions designated by
19 the division all moneys received by those agents from the sale of lottery tickets or shares, less the
20 amount, if any, retained as compensation for the sale of tickets or shares and less any monies paid
21 out as prizes by the agents, and to file with the director, or their designated agents, reports of their
22 receipts and transactions in the sale of lottery tickets in any form and containing any information
23 they may require. The director may make any arrangements for any person, including a financial
24 institution, to perform any functions, activities, or services in connection with the operation of the
25 lottery as they may deem advisable pursuant to this chapter and the rules and regulations of the
26 commission, and the functions, activities, or services shall constitute lawful functions, activities,
27 and services of the person.

28 **42-61.4-15. Applicability of other laws.**

29 No other law providing any penalty or disability for the sale of lottery tickets, or any acts
30 done in connection with a lottery, shall apply to the sale of tickets or shares performed pursuant to
31 this chapter.

32 **42-61.4-16. Payment of prizes to minors and persons under legal disabilities.**

33 (a) If the person entitled to a prize or any winning ticket is under the age of eighteen (18)
34 years, the director shall direct payment to the minor by depositing the amount of the prize in any

1 financial institution to the credit of a member of the minor's family or legal guardian of the minor
2 as custodian for that minor. The person named as custodian shall have the same duties and
3 powers as a person designated as a custodian in a manner prescribed by chapter 7 of title 18
4 ("uniform transfer to minors act").

5 (b) If a person entitled to a prize or any winning ticket is under any other legal disability,
6 the director shall direct payment to a fiduciary responsible for that person pursuant to the laws of
7 this state.

8 (c) The director shall be relieved of all further liability upon payment of a prize to a
9 minor or person under a legal disability pursuant to this section.

10 **42-61.4-17. State lottery fund.**

11 (a) There is created the state lottery fund, into which shall be deposited all revenues
12 received from the sales of lottery tickets and license fees. The fund shall be in the custody of the
13 general treasurer, and money shall be disbursed from it on the order of the controller of the state,
14 pursuant to vouchers or invoices signed by the director. The monies in the state lottery fund shall
15 be allotted in the following order, and only for the following purposes:

16 (1) Establishing a prize fund from which payments of the prize awards shall be disbursed
17 to holders of winning lottery tickets on checks signed by the director and countersigned by the
18 controller of the state or their designee.

19 (i) The amount of payments of prize awards to holders of winning lottery tickets shall be
20 determined by the division, but shall not be less than forty-five percent (45%) nor more than
21 sixty-five percent (65%) of the total revenue accruing from the sale of lottery tickets.

22 (ii) For the lottery game commonly known as "Keno", the amount of prize awards to
23 holders of winning Keno tickets shall be determined by the commission, but shall not be less than
24 forty-five percent (45%) nor more than seventy-two percent (72%) of the total revenue accruing
25 from the sale of Keno tickets.

26 (2) Payment of expenses incurred by the commission in the operation of the state lotteries
27 including, but not limited to, costs arising from contracts entered into by the director for
28 promotional, consulting, or operational services, salaries of professional, technical, and clerical
29 assistants, and purchases or lease of facilities, lottery equipment, and materials; provided
30 however, solely for the purpose of determining revenues remaining and available for transfer to
31 the state's general fund, beginning in fiscal year 2018, expenses incurred by the commission in
32 the operation of state lotteries shall reflect the actuarially determined employer contribution to the
33 employees' retirement system consistent with the state's adopted funding policy. For financial
34 reporting purposes, the state lottery fund financial statements shall be prepared in accordance

1 with generally accepted accounting principles as promulgated by the Governmental Accounting
2 Standards Board; and

3 (3) Payment into the general revenue fund of all revenues remaining in the state lottery
4 fund after the payments specified in subsections (a)(1) through (a)(2) of this section.

5 (b) The auditor general shall conduct an annual post audit of the financial records and
6 operations of the lottery for the preceding year in accordance with generally accepted auditing
7 standards and government auditing standards. In connection with the audit, the auditor general
8 may examine all records, files, and other documents of the division, and any records of lottery
9 sales agents that pertain to their activities as agents, for purposes of conducting the audit. The
10 auditor general, in addition to the annual post audit, may require or conduct any other audits or
11 studies they deem appropriate, the costs of which shall be borne by the division.

12 (c) Payments into the state's general fund specified in subsection (a)(3) of this section
13 shall be made on an estimated quarterly basis. Payment shall be made on the tenth business day
14 following the close of the quarter except for the fourth quarter when payment shall be on the last
15 business day.

16 **42-61.4-18. Penalties for forgery and counterfeiting.**

17 Any person who, with intent to defraud, shall falsely make, alter, forge, utter, pass, or
18 counterfeit a state lottery ticket or share shall be guilty of a felony punishable by imprisonment
19 for not more than ten (10) years or by a fine of not more than one thousand dollars (\$1,000) or
20 both.

21 **42-61.4-19. Prizes exempt from taxation.**

22 The prizes received pursuant to this chapter shall be exempt from the state sales or use
23 tax.

24 **42-61.4-20. Severability.**

25 If any provision of this chapter or the application thereof to any person, entity, or
26 circumstance is held invalid, such invalidity shall not affect other provisions or applications of
27 this chapter, which can be given effect without the invalid provision(s) or application, and to this
28 end the provisions of this chapter are declared to be severable.

29 SECTION 3. Sections 42-61.2-1, 42-61.2-2, 42-61.2-2.1, 42-61.2-2.2, 42-61.2-2.3, 42-
30 61.2-3, 42-61.2-3.1, 42-61.2-3.2, 42-61.2-4, 42-61.2-7, 42-61.2-12, 42-61.2-13 and 42-61.2-14 of
31 the General Laws in Chapter 42-61.2 entitled "Video-Lottery Terminal" are hereby amended to
32 read as follows:

33 **42-61.2-1. Definitions. [Contingent effective date; see note.]**

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

1 (1) "Central communication system" means a system ~~approved by the lottery division~~
2 which is in compliance with the rules and regulations set forth by the commission, linking all
3 video-lottery machines at a licensee location to provide auditing program information and any
4 other information determined by the lottery. In addition, the central communications system must
5 provide all computer hardware and related software necessary for the establishment and
6 implementation of a comprehensive system as required by the ~~division~~ commission. The central
7 communications licensee may provide a maximum of fifty percent (50%) of the video-lottery
8 terminals.

9 (2) "Commission" means the state lottery commission.

10 (2)(3) "Licensed, video-lottery retailer" means a pari-mutuel licensee specifically
11 licensed by the director ~~subject to the approval of the division~~ in compliance with the rules and
12 regulations set forth by the commission to become a licensed, video-lottery retailer.

13 ~~(3)~~(4) "Net terminal income" means currency placed into a video-lottery terminal less
14 credits redeemed for cash by players.

15 ~~(4)~~(5) "Pari-mutuel licensee" means:

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

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

18 ~~(5)~~(6) "Technology provider" means any individual, partnership, corporation, or
19 association that designs, manufactures, installs, maintains, distributes, or supplies video-lottery
20 machines or associated equipment for the sale or use in this state.

21 ~~(6)~~(7) "Video-lottery games" means lottery games played on video-lottery terminals
22 controlled by the ~~lottery division~~ director in compliance with the rules and regulations set forth by
23 the commission.

24 ~~(7)~~(8) "Video-lottery terminal" means any electronic computerized video game machine
25 that, upon the insertion of cash or any other representation of value that has been ~~approved~~
26 authorized by the ~~division of lotteries~~ commission via the established rules and regulations, is
27 available to play a video game authorized by the ~~lottery division~~ commission, and that uses a
28 video display and microprocessors in which, by chance, the player may receive free games or
29 credits that can be redeemed for cash. The term does not include a machine that directly dispenses
30 coins, cash, or tokens.

31 ~~(8)~~(9) "Casino gaming" means any and all table and casino-style games played with
32 cards, dice, or equipment, for money, credit, or any representative of value; including, but not
33 limited to, roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage
34 game, or any other game of device included within the definition of Class III gaming as that term

1 is defined in Section 2703(8) of Title 25 of the United States Code and that is approved by the
2 state through the ~~division of state lottery~~ rules and regulations set forth by the commission.

3 ~~(9)~~(10) "Net, table-game revenue" means win from table games minus counterfeit
4 currency.

5 ~~(10)~~(11) "Rake" means a set fee or percentage of cash and chips representing cash
6 wagered in the playing of a nonbanking table game assessed by a table games retailer for
7 providing the services of a dealer, gaming table or location, to allow the play of any nonbanking
8 table game.

9 ~~(11)~~(12) "Table game" or "Table gaming" means that type of casino gaming in which
10 table games are played for cash or chips representing cash, or any other representation of value
11 that has been ~~approved by the division of lotteries~~ authorized by the commission via the rules and
12 regulations set forth under this chapter, using cards, dice, or equipment and conducted by one or
13 more live persons.

14 ~~(12)~~(13) "Table-game retailer" means a retailer authorized to conduct table gaming
15 pursuant to §§ 42-61.2-2.1 or 42-61.2-2.3.

16 ~~(13)~~(14) "Credit facilitator" means any employee of a licensed, video-lottery retailer
17 approved in writing by the ~~division~~ director, in conformity with the rules and regulations set forth
18 by the commission, whose responsibility is to, among other things, review applications for credit
19 by players, verify information on credit applications, grant, deny, and suspend credit, establish
20 credit limits, increase and decrease credit limits, and maintain credit files, all in accordance with
21 this chapter and rules and regulations ~~approved by the division~~ set forth by the commission.

22 ~~(14)~~(15) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
23 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and
24 assignee of Newport Grand, LLC under the Newport Grand Master Contract, including, but not
25 limited to, Premier Entertainment II, LLC and/or Twin River-Tiverton, LLC, provided it is a pari-
26 mutuel licensee as defined in § 42-61.2-1 et seq.; provided, further, however, where the context
27 indicates that the term is referring to the physical facility, then it shall mean the gaming and
28 entertainment facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

29 ~~(15)~~(16) "Newport Grand Marketing Year" means each fiscal year of the state or a
30 portion thereof between November 23, 2010, and the termination date of the Newport Grand
31 Master Contract.

32 ~~(16)~~(17) "Newport Grand Master Contract" means that certain master video-lottery
33 terminal contract made as of November 23, 2005, by and between the Division of Lotteries of the
34 Rhode Island department of administration and Newport Grand, as amended and extended from

1 time to time as authorized therein and/or as such Newport Grand Master Contract may be
2 assigned as permitted therein.

3 ~~(17)~~(18) "Premier" means Premier Entertainment II, LLC and/or its successor in interest
4 by reason of the acquisition of the stock, membership interests, or substantially all of the assets of
5 such entity.

6 ~~(18)~~(19) "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in
7 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
8 assets of such entity.

9 ~~42-61.2-2. Division of state lottery authorized to operate video lotteries. [Contingent~~
10 ~~effective date; see note.] Division of state lottery commission authorized to operate video~~
11 ~~lotteries. [Contingent effective date; see note.]~~

12 (a) Notwithstanding the provisions of any other law, the ~~division of state lottery~~
13 ~~commission~~ is authorized to maintain oversight as set forth herein ~~conduct and control~~ video-
14 lottery games under its authority.

15 (b) Video-lottery terminals may only be installed and operated at the facilities of pari-
16 mutuel licensees, as defined in § 42-61.2-1(4), which are specifically approved by the ~~state lottery~~
17 director to be licensed; video-lottery retailers according to rules and regulations set forth by the
18 ~~director~~ commission. At any one time, there shall be no more than two (2) pari-mutuel licensee
19 facilities in which video-lottery games are conducted, one located in the town of Lincoln, and one
20 located either in the city of Newport or in the town of Tiverton.

21 (c) Commencing July 1, 2005, the number of video-lottery terminals to be installed at
22 pari-mutuel license facilities shall be established by the general assembly.

23 (d) Pursuant to R.I. Const., Art. VI, Sec. XV, the general assembly shall determine the
24 type of lotteries conducted.

25 (e) The commission shall set forth rules and regulations for the operation of video
26 lotteries.

27 ~~42-61.2-2.1. State authorized to operate casino gaming. [Contingent effective date;~~
28 ~~see note.]~~

29 (a) State-operated casino gaming shall be authorized at the facility of the licensed, video-
30 lottery terminal retailer known as "Twin River" located in the town of Lincoln; provided, that the
31 requirements of R.I. Const., Art. VI, Sec. XXII are met with respect to said facility at the general
32 election next held after enactment of this section.

33 (1) With respect to the "Twin River" facility, the authorization of this section shall be
34 effective upon: (i) The certification by the secretary of state that the qualified voters of the state

1 have approved the expansion of gambling at such facility to include casino gaming; and (ii) The
2 certification by the board of canvassers of the town of Lincoln that qualified electors of the town
3 of Lincoln have approved the expansion of gambling at such facility to include casino gaming.

4 (b) The general assembly finds that:

5 (1) The operation of casino gaming at Twin River will play a critical role in the economy
6 of the state and enhance state and local revenues;

7 (2) Pursuant to R.I. Const., Art. VI, Sec. XV and the specific powers, authorities, and
8 safeguards set forth in subsection (c) herein in connection with the operation of casino gaming,
9 the state shall have full operational control over the specified location at which casino gaming
10 shall be conducted;

11 (3) It is in the best interest of the state to have the authorization to operate casino gaming
12 as specified at Twin River; and

13 (4) It is in the best interest of the state to conduct an extensive analysis and evaluation of
14 competitive casino gaming operations and thereafter for the general assembly to enact
15 comprehensive legislation during the 2012 legislative session to determine the terms and
16 conditions pursuant to which casino gaming would be operated in the state if it is authorized as
17 set forth herein.

18 (c) Notwithstanding the provisions of any other law and pursuant to R.I. Const., Art. VI,
19 Sec. XV, the state is authorized to operate, conduct, and control casino gaming at Twin River,
20 subject to subsection (a). In furtherance thereof, the state, through the ~~division of~~ state lottery
21 commission, shall have ~~full operational control to operate the foregoing facility~~, the authority to
22 ~~make all decisions~~ promulgate rules and regulations about all aspects of the functioning of the
23 business enterprise, including, without limitation, ~~the power and authority~~ to:

24 (1) Determine the number, type, placement, and arrangement of casino gaming games,
25 tables, and sites within the facility;

26 (2) Establish, with respect to casino gaming, one or more systems for linking, tracking,
27 depositing, and reporting of receipts, audits, annual reports, prohibitive conduct, and other such
28 matters determined from time to time;

29 (3) Establish policies and procedures for the collection of all ~~Collect~~ receipts from casino
30 gaming, require that Twin River collect casino gaming gross receipts in trust for the state through
31 the ~~division of state lottery~~ commission, deposit such receipts into an account or accounts of its
32 choice, allocate such receipts according to law, and otherwise maintain custody and control over
33 all casino gaming receipts and funds;

34 (4) Establish policies and procedures for the director to ~~Hold and~~ exercise sufficient

1 powers over Twin River's accounting and finances to allow for adequate oversight and
2 verification of the financial aspects of casino gaming at the facility, including, without limitation:

3 (i) The right to require Twin River to maintain an annual balance sheet, profit-and-loss
4 statement, and any other necessary information or reports; and

5 (ii) The authority and power to conduct periodic compliance or special or focused audits
6 of the information or reports provided, as well as the premises with the facility containing records
7 of casino gaming or in which the business of Twin River's casino gaming operations are
8 conducted;

9 (5) Establish policies and procedures for the director to monitor ~~Monitor~~ all casino
10 gaming operations, ~~and have the power to~~ terminate or suspend any casino gaming activities in
11 the event of an integrity concern or other threat to the public trust, and in furtherance thereof,
12 require the licensed, video-lottery retailer to provide a specified area or areas from which to
13 conduct such monitoring activities;

14 (6) Define and limit the rules of play and odds of authorized casino gaming games,
15 including, without limitation, the minimum and maximum wagers for each casino gaming game;

16 (7) Establish compulsive gambling treatment programs;

17 (8) Promulgate, or propose for promulgation, any legislative, interpretive, and procedural
18 rules necessary for the successful implementation, administration, and enforcement of this
19 chapter; ~~and~~

20 (9) ~~Hold~~ Any and all other ~~powers~~ matters necessary and proper to ~~fully-effectively~~
21 ~~execute and administer~~ effectuate the provisions of this chapter for its purpose of allowing the
22 state to operate a casino gaming facility through a licensed, video-lottery retailer hosting said
23 casino gaming on behalf of the State of Rhode Island-; and

24 (10) Establish employment qualification guidelines with respect to employment of
25 individuals to be involved, directly or indirectly, with the operation of casino gaming at Twin
26 River.

27 (d) Subject to subsection (a), the state, through the ~~division of state lottery~~ the director in
28 accordance with the rules and regulations set forth by the commission, may expand Twin River
29 existing video-lottery license issued, or issue Twin River a new casino gaming license, to permit
30 casino gaming to the extent authorized by this act.

31 (e) Subject to subsection (a), all rules and regulations shall be promulgated by the state,
32 through the ~~division of~~ state lottery commission, in accordance with the authority conferred upon
33 the general assembly pursuant to R.I. Const., Art. VI, Sec. XV. In accord therewith, subject to
34 subsection (a), the state, through the ~~division of~~ state lottery commission, shall have authority to

1 issue such regulations as it deems appropriate pertaining to control, operation and management of
2 casino gaming as specifically set forth in subsections (b) and (c) herein.

3 (f) The Rhode Island state police, through its gaming enforcement unit, shall have the
4 authority to monitor and investigate criminal violations related to casino gaming activities
5 consistent with chapter 42-61.3.

6 (g) The state, through the department of revenue, ~~division of state lottery, and/or the~~
7 ~~department of business regulation,~~ and the director, in conformity with the rules and regulations
8 set forth by the commission, shall have approval rights over matters relating to the employment of
9 individuals to be involved, directly or indirectly, with the operation of casino gaming at Twin
10 River.

11 (h) The director shall have full operational control to operate the facility enumerated in
12 §42-61.2-2.1(c) in compliance with the rules and regulations set forth by the commission.

13 **42-61.2-2.2. State authorized to operate casino gaming at Newport Grand. [See**
14 **Compiler's notes.]**

15 (a) State-operated casino gaming shall be authorized at the facility of the licensed video
16 lottery terminal retailer known as "Newport Grand" located in the town of Newport; provided,
17 that the requirements of Article VI, Section 22 of the Rhode Island Constitution are met with
18 respect to said facility at the general election next held after enactment of this section.

19 (b) With respect to the Newport Grand facility, the authorization of this section 2.2 shall
20 be effective upon:

21 (1) The certification by the secretary of state that the qualified voters of the state have
22 approved the expansion of gambling at such facility to include casino gaming; and

23 (2) The certification by the board of canvassers of the city of Newport that the qualified
24 electors of the city of Newport have approved the expansion of gambling at such facility to
25 include casino gaming.

26 (c) The general assembly finds that:

27 (1) The operation of casino gaming at Newport Grand will play a critical role in the
28 economy of the state and enhance local revenues;

29 (2) Pursuant to Article VI, Section 15 of the Rhode Island Constitution and the specific
30 powers, authorities and safeguards set forth in subsection (c) herein in connection with the
31 operation of casino gaming, the state shall have full operational control over the specified
32 location at which casino gaming shall be conducted;

33 (3) It is in the best interest of the state to have the authorization to operate casino gaming
34 as specified at Newport Grand;

1 (4) Pursuant to the provisions of subdivision 42-61.2-2.1(b)(4), and by action of the
2 governor, an extensive analysis and evaluation of competitive casino-gaming operations was
3 completed, which concluded that the viability of Newport Grand as a video-lottery terminal
4 facility is threatened by the location of casino gaming in Southeast Massachusetts.

5 (5) The legislature shall, by enactment of comprehensive legislation during the 2012
6 session, determine the terms and conditions pursuant to which casino gaming would be operated
7 in the state if it is authorized as set forth herein.

8 (d) Notwithstanding the provisions of any other law and pursuant to Article VI, Section
9 15 of the Rhode Island Constitution, the state is authorized to operate, conduct and control casino
10 gaming at Newport Grand subject to subsection (a) above. In furtherance thereof, the state,
11 through the ~~division of state lottery~~ commission and/or the ~~department of business regulation,~~
12 ~~shall have full operational control to operate the foregoing facilities,~~ has the authority to ~~make all~~
13 ~~decisions~~ promulgate rules and regulations about all aspects of the functioning of the business
14 enterprise, including, without limitation, ~~the power and authority~~ to:

15 (1) Determine the number, type, placement and arrangement of casino-gaming games,
16 tables and sites within the facility;

17 (2) Establish with respect to casino gaming one or more systems for linking, tracking,
18 deposit and reporting of receipts, audits, annual reports, prohibitive conduct and other such
19 matters determined from time to time;

20 (3) Establish policies and procedures for collection of ~~Collect~~ all receipts from casino
21 gaming, require that Newport Grand collect casino-gaming gross receipts in trust for the state
22 through the ~~division of state lottery~~ commission, deposit such receipts into an account or accounts
23 of its choice, allocate such receipts according to law, and otherwise maintain custody and control
24 over all casino-gaming receipts and funds;

25 (4) Establish policies and procedures for the director to ~~Hold and~~ exercise sufficient
26 powers over Newport Grand's accounting and finances to allow for adequate oversight and
27 verification of the financial aspects of casino gaming at the facility, including, without limitation:

28 (i) The right to require Newport Grand to maintain an annual balance sheet, profit and
29 loss, and any other necessary information or reports; and

30 (ii) The authority and power to conduct periodic compliance or special or focused audits
31 of the information or reports provided, as well as the premises with the facility containing records
32 of casino gaming or in which the business of Newport Grand's casino-gaming operations are
33 conducted;

34 (5) Establish policies and procedures for the director to monitor ~~Monitor~~ all casino-

1 gaming operations, ~~and have the power~~ to terminate or suspend any casino-gaming activities in
2 the event of an integrity concern or other threat to the public trust, and in furtherance thereof,
3 require the ~~licensed, video lottery retailer~~ licensed casino facility to provide a specified area or
4 areas from which to conduct such monitoring activities;

5 (6) Define and limit the rules of play and odds of authorized casino-gaming games,
6 including, without limitation, the minimum and maximum wagers for each casino-gaming game;

7 (7) Establish employment qualification guidelines for ~~Have approval rights over matters~~
8 ~~relating to~~ the employment of individuals to be involved, directly or indirectly, with the operation
9 of casino gaming at Newport Grand, which shall be administered by the director;

10 (8) Establish compulsive gambling treatment programs;

11 (9) Promulgate, or propose for promulgation, any legislative, interpretive and procedural
12 rules necessary for the successful implementation, administration and enforcement of this
13 chapter; and

14 (10) Any and all ~~Hold all other~~ powers necessary and proper to ~~fully effectively execute~~
15 ~~and administer~~ effectuate the provisions of this chapter for its purpose of allowing the state to
16 operate a casino-gaming facility through a licensed, video-lottery retailer hosting said casino
17 gaming on behalf of the state of Rhode Island.

18 (e) Subject to subsection (a) above, the state, through the ~~division of state lottery and/or~~
19 ~~the department of business regulation~~ director, in compliance with the rules and regulations set
20 forth by the commission, may expand Newport Grand's existing video lottery license issued, or
21 issue Newport Grand a new casino-gaming license, to permit casino gaming to the extent
22 authorized by this act.

23 (f) Subject to subsection (a) above, all rules and regulations shall be promulgated by the
24 state, through the ~~division of state lottery~~ commission ~~and the department of business regulation~~,
25 in accordance with the authority conferred upon the general assembly pursuant to Article VI,
26 Section 15 of the Rhode Island Constitution. In accord therewith, subject to subsection (a) above,
27 the state, through the ~~division of state lottery~~ commission ~~and/or the department of business~~
28 ~~regulation~~, shall have authority to issue such regulations as it deems appropriate pertaining to
29 control, operation and management of casino gaming as specifically set forth in subsections (b),
30 (c) and (d).

31 **42-61.2-2.3. State authorized to operate casino gaming in Tiverton. [Contingent**
32 **effective date; see note.]**

33 (a) State-operated casino gaming shall be authorized at the Tiverton facility of Twin
34 River-Tiverton, a licensed, video-lottery retailer, which facility is located in the town of Tiverton

1 at the intersection of William S. Canning Boulevard and Stafford Road, provided that the
2 requirements of R.I. Const., Art. VI, Sec. XXII are met with respect to said facility, namely that:

3 (1) The secretary of state certifies that the qualified voters of the state have approved
4 authorizing a facility owned by Twin River-Tiverton located at the intersection of William S.
5 Canning Boulevard and Stafford Road in the town of Tiverton to be licensed as a pari-mutuel
6 facility and offer state-operated video-lottery games and state-operated casino gaming, such as
7 table games;

8 (2) The board of canvassers of the town of Tiverton certifies (or there is certified on its
9 behalf) that the qualified electors of the town of Tiverton have approved authorizing a facility
10 owned by Twin River-Tiverton and located at the intersection of William S. Canning Boulevard
11 and Stafford Road in the town of Tiverton to be licensed as a pari-mutuel facility and offer state-
12 operated video lottery games and state-operated casino gaming, such as table games; and

13 (3) The department of business regulation, division of gaming and athletics licensing,
14 issues to Twin River-Tiverton a license as a pari-mutuel facility, and ~~the department of revenue,~~
15 ~~state lottery division~~ the commission issues to Twin River-Tiverton a license to offer state-
16 operated video lottery games and a license to offer state-operated casino gaming, such as table
17 games.

18 (b) With respect to the facility owned by Twin River-Tiverton located at the intersection
19 of William S. Canning Boulevard and Stafford Road in the town of Tiverton, the authorization of
20 this section shall be effective upon the requirements set forth in subsection (a) of this section
21 having been met with respect to such facility.

22 (c) The general assembly finds that:

23 (1) The operation of casino gaming in the town of Tiverton will play a critical role in the
24 economy of the state and enhance state and local revenues;

25 (2) Replacing the state-operated gaming facility in the city of Newport with a state-
26 operated gaming facility in the town of Tiverton is desirable to maximize state and local
27 revenues;

28 (3) Pursuant to R.I. Const., Art. VI, Sec. XV and the specific powers, authorities and
29 safeguards set forth in subsection (d) of this section in connection with the operation of casino
30 gaming, the state shall have full operational control over casino gaming at the specified location
31 in the town of Tiverton; and

32 (4) It is in the best interest of the state to have the authorization to operate casino gaming
33 as specified in the town of Tiverton.

34 (d) Notwithstanding the provisions of any other law and pursuant to R.I. Const., Art. VI,

1 Sec. XV, the state is authorized to operate, conduct and control casino gaming at the facility of
2 Twin River-Tiverton located in the town of Tiverton at the intersection of William S. Canning
3 Boulevard and Stafford Road, subject to the provisions of subsection (a). In furtherance thereof,
4 the state, through the ~~division of state lottery~~ [commission](#), shall have ~~full operational control to~~
5 ~~operate the foregoing facility~~, the authority to ~~make all decisions~~ [promulgate rules and regulations](#)
6 about all aspects of the functioning of the business enterprise, including, without limitation, ~~the~~
7 ~~power and authority~~ to:

8 (1) Determine the number, type, placement, and arrangement of casino gaming games,
9 tables and sites within the facility;

10 (2) Establish with respect to casino gaming one or more systems for linking, tracking,
11 deposit, and reporting of receipts, audits, annual reports, prohibitive conduct, and other such
12 matters determined from time to time;

13 (3) [Establish policies and procedures for the collection of](#) ~~Collect~~ all receipts from casino
14 gaming, require that Twin River-Tiverton collect casino gaming gross receipts in trust for the
15 state through the ~~division of state lottery~~ [commission](#), deposit such receipts into an account or
16 accounts of its choice, allocate such receipts according to law, and otherwise maintain custody
17 and control over all casino gaming receipts and funds;

18 (4) [Establish policies and procedures for the director to](#) ~~Hold and~~ exercise sufficient
19 powers over Twin River-Tiverton's accounting and finances to allow for adequate oversight and
20 verification of the financial aspects of casino gaming at the facility, including, without limitation:

21 (i) The right to require Twin River-Tiverton to maintain an annual balance sheet, profit-
22 and-loss statement, and any other necessary information or reports; and

23 (ii) The authority and power to conduct periodic compliance or special or focused audits
24 of the information or reports provided, as well as the premises with the facility containing records
25 of casino gaming or in which the business of Twin River-Tiverton's casino gaming activities are
26 conducted;

27 (5) [Establish policies and procedures for the monitoring of](#) ~~Monitor~~ all casino gaming
28 operations, ~~and have the power~~ to terminate or suspend any casino gaming activities in the event
29 of an integrity concern or other threat to the public trust and in furtherance thereof, require Twin
30 River-Tiverton to provide a specified area or areas from which to conduct such monitoring
31 activities;

32 (6) Define and limit the rules of play and odds of authorized casino gaming games,
33 including, without limitation, the minimum and maximum wagers for each casino gaming game;

34 (7) Establish compulsive gambling treatment programs;

1 (8) Promulgate, or propose for promulgation, any legislative, interpretive, and procedural
2 rules necessary for the successful implementation, administration, and enforcement of this
3 chapter; ~~and~~

4 (9) Any and all other ~~Hold all other~~ powers necessary and proper to ~~fully effectively~~
5 ~~execute and administer~~ effectuate the provisions of this chapter for its purpose of allowing the
6 state to operate a casino gaming facility through a licensed, video-lottery retailer hosting said
7 casino gaming on behalf of the state of Rhode Island- ; and

8 (10) Establish employment qualification guidelines with respect to the employment of
9 individuals to be involved, directly or indirectly, with the operation of casino gaming in the town
10 of Tiverton.

11 (e) The state, through the department of revenue, ~~division of state lottery, and/or the~~
12 ~~department of business regulation~~ and/ or director in conformity with the rules and regulations set
13 forth by the commission, shall have approval rights over matters relating to the employment of
14 individuals to be involved, directly or indirectly, with the operation of casino gaming in the town
15 of Tiverton.

16 (f) Subject to subsection (a), the state, through the ~~division of state lottery~~ director in
17 conformity with the rules and regulations set forth by the commission, may issue Twin River-
18 Tiverton new video lottery and casino gaming licenses to permit video lottery and casino gaming
19 to the extent authorized by this chapter 61.2 of this title.

20 (g) Subject to subsection (a), all rules and regulations shall be promulgated by the state,
21 through the ~~division of state lottery~~ commission, in accordance with the authority conferred upon
22 the general assembly pursuant to R.I. Const., Art. VI, Sec. XV. In accordance therewith, subject
23 to subsection (a), the state, through the ~~division of state lottery~~ commission, shall have authority
24 to issue such regulations as it deems appropriate pertaining to control, operation and management
25 of casino gaming as specifically set forth in subsections (b), (c) and (d).

26 (h) The Rhode Island state police through its gaming enforcement unit shall have the
27 authority to monitor and investigate criminal violations related to casino gaming activities
28 consistent with chapter 61.3 of this title.

29 (i) Notwithstanding any law or regulation to the contrary, Twin River-Tiverton shall not
30 commence video lottery or casino gaming activities prior to the completion, by the department of
31 transportation, of the already planned roundabout, DOT project #0103S, and funds for such
32 project shall be allocated such that the project is scheduled to be completed, and is completed, by
33 July 1, 2018.

34 **42-61.2-3. Additional powers and duties of the director.**

1 In addition to the powers and duties of the state lottery director under § 42-61-4, the
2 ~~director~~ commission shall promulgate reasonable rules and regulations relating to video-lottery
3 games and to make recommendations and set policy for these games. These rules and regulations
4 and shall include, but not be limited to:

5 (1) The ~~division~~ director shall license technology providers capable of interfacing with a
6 central communications system controlled by the ~~division~~ director. In making ~~its~~ their licensing
7 decision, the ~~division~~ director shall select providers based on the following factors: providers
8 experienced in performing comparable projects, financial stability, technical and management
9 abilities, the quality of the product and service capabilities, likelihood of timely performance,
10 maximum revenue generation, its ability to pass a law enforcement background investigation, and
11 any other factors found to be relevant to performance. As part of its investigation as to whether to
12 issue a license hereunder, the ~~Rhode Island lottery~~ director shall require criminal background
13 checks of individuals as ~~it deems~~ they deem appropriate and said individuals shall apply to the
14 bureau of criminal investigation of the Rhode Island state police or the Rhode Island department
15 of the attorney general for a national criminal records check with fingerprinting. The applicant
16 whose criminal records check is being conducted shall be responsible for the payment of the costs
17 of said criminal records check. The Rhode Island state police or the Rhode Island department of
18 attorney general, as applicable, shall send the results of such criminal records check to the ~~Rhode~~
19 ~~Island lottery~~ director. Once said results are sent to and received by the ~~Rhode Island lottery~~
20 director, the Rhode Island state police and the Rhode Island department of attorney general shall
21 promptly destroy said fingerprint record(s). On or before February 1, 2011, the ~~agency~~ director
22 shall adopt rules and regulations establishing criteria to be used in determining whether based
23 upon a criminal records check an application will be approved.

24 The award of a license to technology providers under this section shall satisfy the
25 requirements of chapter 2 of title 37. An outside independent testing laboratory may be utilized
26 by the ~~division~~ director at the expense of the individual provider;

27 (2) Accounting procedures for determining the net terminal income from lottery video
28 terminals, and unclaimed prizes and credits;

29 (3) The type of video-lottery games to be conducted;

30 (4) The price to play each game and the prizes or credits to be awarded;

31 (5) Financial reporting procedures for licensed, video-lottery retailers and control
32 procedures in the event that any of these retailers should become insolvent;

33 (6) Insurance and bonding by:

34 (i) Licensed, video-lottery retailers; and

- 1 (ii) Technology provider;
- 2 (7) The licensing of licensed, video-lottery retailers;
- 3 (8) The contracting with technology providers;
- 4 (9) All video-lottery machines shall be linked under a central communications system to
- 5 provide auditing program information as ~~approved~~ required by the ~~division~~ commission. The
- 6 communications system ~~approved~~ required by the ~~division~~ commission may not limit
- 7 participation to only one manufacturer of video-lottery machines by either cost of implementing
- 8 the necessary program modifications to communicate or the inability to communicate with the
- 9 central communication system;
- 10 (10) Establishment of information system, operating procedures, reporting and
- 11 accounting criteria in order to comply with the provisions of § 42-61.2-12; and
- 12 (11) Any other matters necessary for video-lottery terminals or for the convenience of the
- 13 public.

14 **42-61.2-3.1. Table-game regulation.**

15 (a) In addition to the powers and duties of the commission ~~Division director~~ under §§ 42-

16 61-4, 42-61.2-3 and 42-61.2-4, and pursuant to § 42-61.2-2.1 and § 42-61.2-2.2, the commission

17 ~~Division director~~ shall promulgate reasonable rules and regulations relating to state-operated table

18 gaming and set policy for these table games. These rules and regulations shall include, but not be

19 limited to:

- 20 (1) Establishing standards and procedures for table gaming and associated equipment.
- 21 (2) Establishing standards, rules and regulations to govern the conduct of table games and
- 22 the system of wagering associated with table games, including without limitation:
- 23 (i) The object of the table game and method of play, including what constitutes win, loss
- 24 or tie bets;
- 25 (ii) Physical characteristics of the table games and table-game equipment;
- 26 (iii) Wager and payout odds for each type of available wager;
- 27 (iv) The applicable inspection procedures for any of the following, as required by a table
- 28 game:
- 29 (A) Cards;
- 30 (B) Dice;
- 31 (C) Wheels and balls; and
- 32 (D) Other devices, equipment and accessories related to table games.
- 33 (v) Procedures for the collection of bets and payouts, including requirements for internal
- 34 revenue service purposes;

- 1 (vi) Procedures for handling suspected cheating or table-gaming irregularities; and
- 2 (vii) Procedures for handling any defective or malfunctioning table-game equipment.
- 3 (3) Establishing the method for calculating net table-game revenue and standards for the
- 4 daily counting and recording of cash received in the conduct of table games, and ensuring that
- 5 internal controls are followed, including the maintenance of financial books and records and the
- 6 conduct of annual audits at the expense of the table game retailer.
- 7 (4) Establishing the number and type of table games authorized at a table-game retailer's
- 8 facility, and all rules related thereto.
- 9 (5) Establishing any table-game rule changes, table-game minimum and maximum wager
- 10 changes, and changes to the type of table game being offered at a particular gaming table,
- 11 including any notice by the table-game retailer to the public.
- 12 (6) Requiring the table-game retailer to:
- 13 (i) Provide written information at each table game about game rules, payoffs or winning
- 14 wagers and other information as the ~~Division~~ [commission](#) may require.
- 15 (ii) Provide specifications ~~approved by the Division~~ to integrate and update the table-
- 16 game retailer's surveillance system to cover all areas where table games are conducted and other
- 17 areas as required by the lottery ~~division~~ [director](#). The specifications shall include provisions
- 18 providing the ~~Division~~ [commission](#) and other persons authorized by the ~~Division~~ [director in](#)
- 19 [conformity with the rules and regulations set forth by the commission](#) with onsite access to the
- 20 system.
- 21 (iii) Designate one or more locations within the table-game retailer's facility to conduct
- 22 table games.
- 23 (iv) Ensure that visibility in a table-game retailer's facility is not obstructed in any way
- 24 that could interfere with the ability of the ~~Division~~ [director](#), the table-game retailer or other
- 25 persons authorized under this section or by the ~~Division~~ [director in conformity with the rules and](#)
- 26 [regulations set forth by the commission](#) to oversee the surveillance of the conduct of table games.
- 27 (v) Ensure that the count room for table gaming has appropriate security for the counting
- 28 and storage of cash.
- 29 (vi) Furnish each table game with a sign acceptable to the ~~division~~ [director in conformity](#)
- 30 [with the rules and regulations set forth by the commission](#) indicating the permissible minimum
- 31 and maximum wagers at the table game.
- 32 (vii) Adopt policies or procedures to prohibit any table-game equipment from being
- 33 possessed, maintained or exhibited by any person on the premises of a table-game retailer's
- 34 facility except in the areas of such facility where the conduct of table games is authorized or in a

1 restricted area designated to be used for the inspection, service, repair or storage of table-game
2 equipment by the table-game retailer or in an area used for employee training and instruction by
3 the table-game retailer.

4 (viii) Ensure that drop boxes are brought into or removed from an area where table games
5 are conducted or locked or unlocked in accordance with procedures established by the ~~Division~~
6 [commission](#).

7 (ix) Designate secure locations for the inspection, service, repair or storage of table-game
8 equipment and for employee training and instruction to be approved by the ~~Division~~ [director in](#)
9 [conformity with the rules and regulations set forth by the commission](#).

10 (7) Establishing the size and uniform color by denomination of table-game chips used in
11 the conduct of table games, including tournaments, and a policy for the use of promotional or
12 commemorative chips used in the conduct of certain table games. All types of table-game chips
13 shall be approved by the ~~Division~~ [director](#) prior to being used for play at a table game.

14 (8) Establishing the procedure to be used by a table-game retailer to determine and
15 extract a rake for the purposes of generating net, table-game revenue from nonbanking games.

16 (9) Establishing minimum standards relating to the acceptance of tips or gratuities by
17 dealers at a table game, which shall include:

18 (i) The requirement that tips or gratuities accepted by dealers at banking table games be
19 placed in a common pool for complete distribution pro rata among all dealers based on the daily
20 collection of such tips or gratuities; provided however, the ~~Division~~ [commission](#) may establish an
21 alternative distribution method for tips or gratuities at a banking table game upon submission by
22 the table-game retailer of a proposal acceptable to the ~~division~~ [commission](#) to modify the existing
23 distribution method for tips or gratuities.

24 (ii) The requirement that tips or gratuities accepted by dealers at nonbanking table games
25 are not required to be pooled and may be retained by the dealers; provided however, the ~~Division~~
26 [commission](#) may establish an alternative distribution method for tips or gratuities at a nonbanking
27 table game upon submission by the table-game retailer of a proposal acceptable to the ~~division~~
28 [commission](#) to modify the existing distribution method for tips or gratuities.

29 (10) Establishing the minimal proficiency requirements for table-game personnel,
30 including without limitation table-game dealers. ~~The foregoing requirements of this subsection~~
31 ~~(10) shall not affect any rules or regulations of the Rhode Island Department of Business~~
32 ~~Regulation requiring licensing of personnel of state-operated gaming facilities.~~

33 (11) Establishing the practices and procedures governing the conduct of table-game
34 tournaments.

1 (12) Establishing appropriate eligibility requirements and standards for traditional table-
2 game equipment suppliers.

3 (13) Any other matters necessary for conducting table games.

4 (b) The ~~Division~~ [commission](#) shall promulgate the table-game regulations authorized by
5 this section on or before March 31, ~~2013~~ [2018](#).

6 (c) A table-game retailer shall reimburse and pay to the ~~Division~~ [director](#) (or to such
7 other entities as the ~~Division~~ [director](#) may identify) all reasonable costs and expenses associated
8 with the ~~Division's~~ [director's](#) review of the business or operations of the table-game retailer,
9 including, but not limited to, such items as ongoing auditing, legal, investigation services,
10 compulsive and problem gambling programs, and other related matters.

11 (d) The table-game retailer shall provide secure, segregated facilities as required by the
12 ~~Division~~ [commission](#) on the premises for the exclusive use of the ~~Lottery-staff~~ [director or their](#)
13 [personnel](#) and the State Police. Such space shall be located proximate to the gaming floor and
14 shall include surveillance equipment, monitors with full camera control capability, as well as
15 other office equipment that may be deemed necessary by the ~~Division~~ [commission](#). The location
16 and size of the space shall be subject to the ~~approval of the Division~~ [specifications set forth by the](#)
17 [commission](#).

18 **42-61.2-3.2. Gaming credit authorized. [Contingent effective date; see note.]**

19 (a) Authority. In addition to the powers and duties of the state lottery director under §§
20 42-61-4, 42-61.2-3, 42-61.2-3.1 and 42-61.2-4, the ~~division~~ [commission](#) shall authorize each
21 licensed, video-lottery retailer to extend credit to players pursuant to the terms and conditions of
22 this chapter.

23 (b) Credit. Notwithstanding any provision of the general laws to the contrary, including,
24 without limitation, § 11-19-17, except for applicable licensing laws and regulations, each
25 licensed, video-lottery retailer may extend interest-free, unsecured credit to its patrons for the sole
26 purpose of such patrons making wagers at table games and/or video-lottery terminals at the
27 licensed, video-lottery retailer's facility subject to the terms and conditions of this chapter.

28 (c) Regulations. Each licensed, video-lottery retailer shall be subject to rules and
29 regulations submitted by licensed, video-lottery retailers, [which shall be in conformity with the](#)
30 [rules and regulations set forth by the commission](#) and subject to the approval of the ~~division of~~
31 ~~lotteries~~ [director](#) regarding procedures governing the extension of credit and requirements with
32 respect to a credit applicant's financial fitness, including, without limitation: annual income; debt-
33 to-income ratio; prior credit history; average monthly bank balance; and/or level of play. The
34 ~~division of lotteries~~ [director](#) may approve, approve with modification, or disapprove any portion

1 of the policies and procedures submitted for review and approval.

2 (d) Credit applications. Each applicant for credit shall submit a written application to the
3 licensed, video-lottery retailer that shall be maintained by the licensed, video-lottery retailer for
4 three (3) years in a confidential credit file. The application shall include the patron's name;
5 address; telephone number; social security number; comprehensive bank account information; the
6 requested credit limit; the patron's approximate amount of current indebtedness; the amount and
7 source of income in support of the application; the patron's signature on the application; a
8 certification of truthfulness; and any other information deemed relevant by the licensed, video-
9 lottery retailer or the ~~division of lotteries~~ [commission](#).

10 (e) Credit application verification. As part of the review of a credit application and before
11 an application for credit is approved, the licensed, video-lottery retailer shall verify:

12 (1) The identity, creditworthiness, and indebtedness information of the applicant by
13 conducting a comprehensive review of:

14 (i) The information submitted with the application;

15 (ii) Indebtedness information regarding the applicant received from a credit bureau;

16 and/or

17 (iii) Information regarding the applicant's credit activity at other licensed facilities that
18 the licensed, video-lottery retailer may obtain through a casino credit bureau and, if appropriate,
19 through direct contact with other casinos.

20 (2) That the applicant's name is not included on an exclusion or self-exclusion list
21 maintained by the licensed, video-lottery retailer and/or the ~~division of lotteries~~ [director](#).

22 (3) As part of the credit application, the licensed, video-lottery retailer shall notify each
23 applicant in advance that the licensed, video-lottery retailer will verify the information in
24 subsections (e)(1) and (e)(2) and may verify any other information provided by the applicant as
25 part of the credit application. The applicant is required to acknowledge in writing that he or she
26 understands that the verification process will be conducted as part of the application process and
27 that he or she consents to having said verification process conducted.

28 (f) Establishment of credit. After a review of the credit application, and upon completion
29 of the verification required under subsection (e), and subject to the rules and regulations ~~approved~~
30 ~~by the division of lotteries~~ [promulgated by the commission](#), a credit facilitator may approve or
31 deny an application for credit to a player. The credit facilitator shall establish a credit limit for
32 each patron to whom credit is granted. The approval or denial of credit shall be recorded in the
33 applicant's credit file that shall also include the information that was verified as part of the review
34 process, and the reasons and information relied on by the credit facilitator in approving or

1 denying the extension of credit and determining the credit limit. Subject to the rules and
2 regulations ~~approved by the division of lotteries~~ [set forth by the commission](#), increases to an
3 individual's credit limit may be approved by a credit facilitator upon receipt of written request
4 from the player after a review of updated financial information requested by the credit facilitator
5 and re-verification of the player's credit information.

6 (g) Recordkeeping. Detailed information pertaining to all transactions affecting an
7 individual's outstanding indebtedness to the licensed, video-lottery retailer shall be recorded in
8 chronological order in the individual's credit file. The financial information in an application for
9 credit and documents related thereto shall be confidential. All credit application files shall be
10 maintained by the licensed, video-lottery retailer in a secure manner and shall not be accessible to
11 anyone not a credit facilitator or a manager or officer of a licensed, video-lottery retailer
12 responsible for the oversight of the extension of credit program.

13 (h) Reduction or suspension of credit. A credit facilitator may reduce a player's credit
14 limit or suspend his or her credit to the extent permitted by the rules and regulations ~~approved by~~
15 ~~the division of lotteries~~ [promulgated by the commission](#) and shall reduce a player's credit limit or
16 suspend a player's credit limit as required by said rules and regulations.

17 (i) Voluntary credit suspension. A player may request that the licensed, video-lottery
18 retailer suspend or reduce his or her credit. Upon receipt of a written request to do so, the player's
19 credit shall be reduced or suspended as requested. A copy of the request and the action taken by
20 the credit facilitator shall be placed in the player's credit application file.

21 (j) Liability. In the event that a player fails to repay a debt owed to a licensed, video-
22 lottery retailer resulting from the extension of credit by that licensed, video-lottery retailer,
23 neither the state of Rhode Island nor the ~~division of lotteries~~ [commission](#) shall be responsible for
24 the loss and said loss shall not affect net, table-game revenue or net terminal income. A licensed,
25 video-lottery retailer, the state of Rhode Island, the ~~division of lotteries~~ [commission](#), and/or any
26 employee of a licensed, video-lottery retailer, shall not be liable in any judicial or administrative
27 proceeding to any player, any individual, or any other party, including table game players or
28 individuals on the voluntary suspension list, for any harm, monetary or otherwise, that may arise
29 as a result of:

- 30 (1) Granting or denial of credit to a player;
- 31 (2) Increasing the credit limit of a player;
- 32 (3) Allowing a player to exercise his or her right to use credit as otherwise authorized;
- 33 (4) Failure of the licensed, video-lottery retailer to increase a credit limit;
- 34 (5) Failure of the licensed, video-lottery retailer to restore credit privileges that have been

1 suspended, whether involuntarily or at the request of the table game patron; or

2 (6) Permitting or prohibiting an individual whose credit privileges have been suspended,
3 whether involuntarily or at the request of the player, to engage in gaming activity in a licensed
4 facility while on the voluntary credit suspension list.

5 (k) Limitations. Notwithstanding any other provision of this chapter, for any extensions
6 of credit, the maximum amount of outstanding credit per player shall be fifty thousand dollars
7 (\$50,000).

8 **42-61.2-4. ~~Additional powers and duties of director and lottery division~~ Additional**
9 **powers and duties of director.**

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

12 (1) Supervise and administer the operation of video lottery games in accordance with this
13 chapter and with the rules and regulations of the ~~division~~ commission;

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

16 (3) In compliance with the provisions of chapter 2 of title 37 and the rules and regulations
17 set forth by the commission pursuant to this chapter, enter into contracts for the operation of a
18 central communications system and technology providers, or any part thereof.

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

32 **42-61.2-7. Division of revenue. [Contingent effective date; see note.]**

33 (a) Notwithstanding the provisions of § 42-61-15, the allocation of net, terminal income
34 derived from video-lottery games is as follows:

1 (1) For deposit in the general fund and to the state lottery ~~division~~ fund for administrative
2 purposes: Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) --
3 (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

4 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
5 percent (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally
6 allocated to the distressed communities as defined in § 45-13-12 provided that no eligible
7 community shall receive more than twenty-five percent (25%) of that community's currently
8 enacted municipal budget as its share under this specific subsection. Distributions made under
9 this specific subsection are supplemental to all other distributions made under any portion of
10 general laws § 45-13-12. For the fiscal year ending June 30, 2008, distributions by community
11 shall be identical to the distributions made in the fiscal year ending June 30, 2007, and shall be
12 made from general appropriations. For the fiscal year ending June 30, 2009, the total state
13 distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008, and
14 shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total
15 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
16 2009, and shall be made from general appropriations, provided, however, that seven hundred
17 eighty-four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall
18 be distributed equally to each qualifying distressed community. For each of the fiscal years
19 ending June 30, 2011, June 30, 2012, and June 30, 2013, seven hundred eighty-four thousand four
20 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to
21 each qualifying distressed community.

22 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
23 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of § 44-33-
24 2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
25 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
26 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
27 less than the prior fiscal year.

28 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund § 44-34.1-1,
29 entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
30 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
31 shall the exemption in any fiscal year be less than the prior fiscal year.

32 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
33 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
34 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of

1 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
2 distributions by community shall be identical to the distributions made in the fiscal year ending
3 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
4 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
5 funding shall be determined by appropriation.

6 (2) To the licensed, video-lottery retailer:

7 (a) (i) Prior to the effective date of the Newport Grand Master Contract, Newport Grand
8 twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six
9 dollars (\$384,996);

10 (ii) On and after the effective date of the Newport Grand Master Contract, to the licensed,
11 video-lottery retailer who is a party to the Newport Grand Master Contract, all sums due and
12 payable under said Master Contract, minus three hundred eighty-four thousand nine hundred
13 ninety-six dollars (\$384,996).

14 (iii) Effective July 1, 2013, the rate of net, terminal income payable to the licensed,
15 video-lottery retailer who is a party to the Newport Grand Master Contract shall increase by two
16 and one quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30,
17 2015, and the rate in effect as of June 30, 2013, shall be reinstated.

18 (iv) (A) Effective July 1, 2015, the rate of net, terminal income payable to the licensed,
19 video-lottery retailer who is a party to the Newport Grand Master Contract shall increase over the
20 rate in effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e., x% plus
21 1.9 percentage points equals $(x + 1.9)\%$, where "x%" is the current rate of net terminal income
22 payable to the licensed, video-lottery retailer who is a party to the Newport Grand Master
23 Contract). The dollar amount of additional net, terminal income paid to the licensed, video-lottery
24 retailer who is a party to the Newport Grand Master Contract with respect to any Newport Grand
25 Marketing Year as a result of such increase in rate shall be referred to as "Additional Newport
26 Grand Marketing NTI."

27 (B) The excess, if any, of marketing expenditures incurred by the licensed, video-lottery
28 retailer who is a party to the Newport Grand Master Contract with respect to a Newport Grand
29 Marketing Year over one million four hundred thousand dollars (\$1,400,000) shall be referred to
30 as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport Grand
31 Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing Year,
32 the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract shall pay
33 to the ~~Division~~ [commission](#) the amount, if any, by which the Additional Newport Grand
34 Marketing NTI for such Newport Grand Marketing Year exceeds the Newport Grand Marketing

1 Incremental Spend for such Newport Grand Marketing Year; provided however, that such video-
2 lottery retailer's liability to the ~~Division~~ [commission](#) hereunder with respect to any Newport
3 Grand Marketing Year shall never exceed the Additional Newport Grand Marketing NTI paid to
4 such video-lottery retailer with respect to such Newport Grand Marketing Year.

5 The increase in subsection 2(a)(iv) shall sunset and expire on June 30, 2017, and the rate
6 in effect as of June 30, 2013 shall be reinstated.

7 (b) (i) Prior to the effective date of the UTGR master contract, to the present, licensed,
8 video-lottery retailer at Lincoln Park, which is not a party to the UTGR, master contract, twenty-
9 eight and eighty-five one hundredths percent (28.85%), minus seven hundred sixty-seven
10 thousand six hundred eighty-seven dollars (\$767,687);

11 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-
12 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said
13 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
14 (\$767,687).

15 (3) (i) To the technology providers that are not a party to the GTECH Master Contract as
16 set forth and referenced in PL 2003, CH. 32, seven percent (7%) of the net, terminal income of
17 the provider's terminals; in addition thereto, technology providers that provide premium or
18 licensed proprietary content or those games that have unique characteristics, such as 3D graphics;
19 unique math/game play features; or merchandising elements to video-lottery terminals may
20 receive incremental compensation, either in the form of a daily fee or as an increased percentage,
21 if all of the following criteria are met:

22 (A) A licensed, video-lottery retailer has requested the placement of premium or licensed
23 proprietary content at its licensed, video-lottery facility;

24 (B) The ~~division of lottery~~ [director](#) has determined in ~~its sole discretion~~ [compliance with](#)
25 [rules and regulations set forth by the commission pursuant to this chapter](#) that the request is likely
26 to increase net, terminal income or is otherwise important to preserve or enhance the
27 competitiveness of the licensed, video-lottery retailer;

28 (C) After approval of the request by the ~~division of lottery~~ [director](#), the total number of
29 premium or licensed, proprietary-content video-lottery terminals does not exceed ten percent
30 (10%) of the total number of video-lottery terminals authorized at the respective licensed, video-
31 lottery retailer; and

32 (D) All incremental costs are shared between the ~~division~~ [commission](#) and the respective
33 licensed, video-lottery retailer based upon their proportionate allocation of net terminal income.
34 The ~~division of lottery~~ [commission](#) is hereby authorized to amend agreements with the licensed,

1 video-lottery retailers, or the technology providers, as applicable, to effect the intent herein.

2 (ii) To contractors that are a party to the master contract as set forth and referenced in PL
3 2003, CH. 32, all sums due and payable under said master contract; and

4 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately
5 from the payments to technology providers the sum of six hundred twenty-eight thousand seven
6 hundred thirty-seven dollars (\$628,737).

7 (4) (A) Until video-lottery games are no longer operated at the Newport Grand gaming
8 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net
9 terminal income of authorized machines at Newport Grand, except that effective November 9,
10 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net
11 terminal income of authorized machines at Newport Grand for each week the facility operates
12 video-lottery games on a twenty-four-hour (24) basis for all eligible hours authorized; and

13 (B) Upon commencement of the operation of video-lottery games at Twin River-
14 Tiverton's facility located in the town of Tiverton, to the town of Tiverton one and forty-five
15 hundredths percent (1.45%) of net terminal income of authorized machines at the licensed, video-
16 lottery retailer's facility located in the town of Tiverton, subject to subsection (g)(2); and

17 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net
18 terminal income of authorized machines at Twin River except that:

19 (i) Effective November 9, 2009, until June 30, 2013, the allocation shall be one and forty-
20 five hundredths percent (1.45%) of net terminal income of authorized machines at Twin River for
21 each week video-lottery games are offered on a twenty-four-hour (24) basis for all eligible hours
22 authorized; and

23 (ii) Effective July 1, 2013, provided that the referendum measure authorized by PL 2011,
24 Ch. 151, Sec. 4, is approved statewide and in the Town of Lincoln, the allocation shall be one
25 and forty-five hundredths percent (1.45%) of net terminal income of authorized video-lottery
26 terminals at Twin River, subject to subsection (h)(2); and

27 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
28 terminal income of authorized machines at Lincoln Park, up to a maximum of ten million dollars
29 (\$10,000,000) per year, that shall be paid to the Narragansett Indian Tribe for the account of a
30 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
31 ownership and improvement; elderly housing; adult vocational training; health and social
32 services; childcare; natural resource protection; and economic development consistent with state
33 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility
34 in which the Narragansett Indians are entitled to any payments or other incentives; and provided,

1 further, any monies distributed hereunder shall not be used for, or spent on, previously contracted
2 debts; and

3 (6) Unclaimed prizes and credits shall remit to the general fund of the state; and

4 (7) Payments into the state's general fund specified in subsections (a)(1) and (a)(6) shall
5 be made on an estimated monthly basis. Payment shall be made on the tenth day following the
6 close of the month except for the last month when payment shall be on the last business day.

7 (b) Notwithstanding the above, the amounts payable by the ~~division~~ commission to
8 UTGR related to the marketing program shall be paid on a frequency agreed by the ~~division~~
9 commission, but no less frequently than annually.

10 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
11 is authorized to fund the marketing program as described above in regard to the UTGR master
12 contract.

13 (d) Notwithstanding the above, the amounts payable by the ~~division~~ commission to the
14 licensed, video-lottery retailer who is a party to the Newport Grand Master Contract related to the
15 marketing program shall be paid on a frequency agreed by the ~~division~~ commission, but no less
16 frequently than annually.

17 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
18 is authorized to fund the marketing program as described above in regard to the Newport Grand
19 Master Contract.

20 (f) Notwithstanding the provisions of § 42-61-15, but subject to § 42-61.2-7(h), the
21 allocation of net, table-game revenue derived from table games at Twin River is as follows:

22 (1) For deposit into the state lottery fund for administrative purposes and then the balance
23 remaining into the general fund:

24 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § 42-61.2-
25 7(f)(1)(ii);

26 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River
27 shall be allocated starting from the commencement of table games activities by such table-game
28 retailer and ending, with respect to such table-game retailer, on the first date that such table-game
29 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net
30 terminal income for the prior state fiscal year, at which point this additional allocation to the state
31 shall no longer apply to such table-game retailer.

32 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to subsection
33 (f)(1); provided, however, on the first date that such table-game retailer's net terminal income for
34 a full state fiscal year is less than such table-game retailer's net terminal income for the prior state

1 fiscal year, as set forth in subsection (f)(1)(ii), one percent (1%) of this net, table-game revenue
2 shall be allocated to the town of Lincoln for four (4), consecutive state fiscal years.

3 (g) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game
4 revenue derived from table games at the Tiverton facility owned by Twin River-Tiverton is as
5 follows:

6 (1) Subject to subsection (g)(2) of this section, one percent (1%) of net, table-game
7 revenue shall be allocated to the town of Tiverton;

8 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
9 the state first for deposit into the state lottery fund for administrative purposes and then the
10 balance remaining into the general fund; provided however, that beginning with the first state
11 fiscal year that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons
12 video-lottery games and table games for all of such state fiscal year, for that state fiscal year and
13 each subsequent state fiscal year that such Tiverton facility offers patrons video-lottery games
14 and table games for all of such state fiscal year, if the town of Tiverton has not received an
15 aggregate of three million dollars (\$3,000,000) in the state fiscal year from net, table-game
16 revenues and net terminal income, combined, generated by such Tiverton facility, then the state
17 shall make up such shortfall to the town of Tiverton out of the state's percentage of net, table-
18 game revenue set forth in this subsection (g)(2) and net terminal income set forth in subsections
19 (a)(1) and (a)(6); provided further however, if in any state fiscal year either video-lottery games
20 or table games are no longer offered at a facility in the town of Tiverton owned by Twin River-
21 Tiverton, LLC, then the state shall not be obligated to make up the shortfall referenced in this
22 subsection (g)(2); and

23 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and
24 (g)(2) of this section shall be allocated to Twin River-Tiverton.

25 (h) Notwithstanding the foregoing § 42-61.2-7(f) and superseding that section effective
26 upon the first date that a facility in the town of Tiverton owned by Twin River-Tiverton offers
27 patrons video-lottery games and table games, the allocation of net, table-game revenue derived
28 from table games at Twin River in Lincoln shall be as follows:

29 (1) Subject to subsection (h)(2), one percent (1%) of net, table-game revenue shall be
30 allocated to the town of Lincoln;

31 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
32 the state first for deposit into the state lottery fund for administrative purposes and then the
33 balance remaining into the general fund; provided however, that beginning with the first state
34 fiscal year that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons

1 video-lottery games and table games for all of such state fiscal year, for that state fiscal year and
2 each subsequent state fiscal year that such Tiverton facility offers patrons video-lottery games
3 and table games for all of such state fiscal year, if the town of Lincoln has not received an
4 aggregate of three million dollars (\$3,000,000) in the state fiscal year from net, table-game
5 revenues and net terminal income, combined, generated by the Twin River facility in Lincoln,
6 then the state shall make up such shortfall to the town of Lincoln out of the state's percentage of
7 net, table-game revenue set forth in this subsection (h)(2) and net terminal income set forth in
8 subsections (a)(1) and (a)(6); provided further however, if in any state fiscal year either video-
9 lottery games or table games are no longer offered at a facility in the town of Tiverton owned by
10 Twin River-Tiverton, LLC, then the state shall not be obligated to make up the shortfall
11 referenced in this subsection (h)(2); and

12 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and
13 (h)(2) shall be allocated to UTGR.

14 **42-61.2-12. Prize -- Set-off for child support debts.**

15 Notwithstanding the provisions of § 42-61-7 relating to assignment of prizes, the
16 following set off provisions shall apply to the payment of any prize requiring the issuance of
17 Internal Revenue Service Form W-2G by a video-lottery retailer (whether or not a table-game
18 retailer) to a patron:

19 (1) With respect to a person entitled to receive the prize who has an unpaid child support
20 order(s) arrearage(s) in excess of five hundred dollars (\$500), as provided by the department of
21 human services pursuant to subsection 42-61-7.1(3), the ~~division of state lottery~~ [commission](#):

22 (i) Shall establish rules and regulations pursuant to § 42-61.2-3 and § 42-61.2-3.1
23 providing for the establishment and operation of a system whereby the ~~division of state lottery~~
24 [director](#) shall have the ability to communicate such information to video-lottery retailers so as to
25 identify a person entitled to receive a prize requiring the issuance of Internal Revenue Service
26 Form W-2G who has an unpaid child support order(s) arrearage(s).

27 (ii) Upon receipt of information indicating an unpaid child support arrearage the video-
28 lottery retailer shall set off against the amount due to that person an amount up to the balance of
29 the child support arrearage(s). The video-lottery retailer shall then make payment as prescribed by
30 the ~~division of lottery~~ [commission](#) to the Rhode Island family court in the case of child support
31 arrearage(s) which shall deposit the amount set off into the registry of the family court for a
32 period of forty-five (45) days, or if any application for review has been filed pursuant to
33 subsection 27-57-1(d), until final disposition of the application until further order of the court.

34 (iii) The video-lottery retailer shall pay to this person the remaining balance of the prize

1 amount, if any, after reduction of the amount set off above for child support.

2 (2) The ~~division of lottery~~ [commission](#), the ~~lottery~~ director and the video-lottery retailer
3 shall be discharged of all further liability upon payment of a prize pursuant to this section. Except
4 in the case of gross negligence, the ~~division of lottery~~ [commission](#), the ~~lottery~~ director and the
5 video-lottery retailer shall not be liable to any party or person for failure to make such a set-off.

6 (3) The department of human services shall periodically within each year furnish the
7 director with a list or compilation of names of individuals, together with any other identifying
8 information and in a form that the director shall require, who as of the date of the list or
9 compilation, have an unpaid child support order arrearage in excess of five hundred dollars
10 (\$500) as shown on the Rhode Island family court decrees department of human services child
11 support enforcement computer system ("CSE system"). For the purposes of this section, the terms
12 used in this section shall be given the meaning and definitions specified in § 15-16-2.

13 (4) Any party aggrieved by any action taken under this section may within thirty (30)
14 days of the withholding of the payment by the lottery director seek judicial review in the family
15 court, which may, in its discretion, issue a temporary order prohibiting the disbursement of funds
16 under this section, pending final adjudication.

17 (5) Notwithstanding any other general or special law to the contrary, this section shall
18 apply to all existing gambling facilities within the state as of the time of enactment and also to
19 any gambling facility within this state which is established after the date of enactment.

20 **42-61.2-13. Table-game enforcement. [See Applicability notes.]**

21 (a) Whoever violates § 42-61.2-2.1 or § 42-61.2-3.1, or any rule or regulation, policy or
22 procedure, duly promulgated thereunder, or any administrative order issued pursuant to § 42-
23 61.2-2.1 or § 42-61.2-3.1, shall be punishable as follows:

24 (1) In the ~~Division~~ director's discretion, the ~~Division~~ director may impose an
25 administrative penalty of not more than one thousand dollars (\$1,000) for each violation. Each
26 day of continued violation shall be considered as a separate violation if the violator has
27 knowledge of the facts constituting the violation and knows or should know that such facts
28 constitute or may constitute a violation. Lack of knowledge regarding such facts or violation shall
29 not be a defense to a continued violation with respect to the first day of its occurrence. Written
30 notice detailing the nature of the violation, the penalty amount, and effective date of the penalty
31 will be provided by the ~~Division~~ director. Penalties shall take effect upon notification. A written
32 request for a hearing must be submitted in writing to the ~~Division~~ director within thirty (30) days
33 of notification of violation.

34 (2) In the ~~Division~~ director's discretion, the ~~Division~~ director may endeavor to obtain

1 compliance with requirements of this chapter by written ~~administrative order~~ notice. Such ~~order~~
2 notice shall be provided to the responsible party, shall specify the complaint, and propose a time
3 for correction of the violation.

4 (b) The ~~Division~~ director shall enforce this chapter. Such enforcement shall include, but
5 not be limited to, referral of suspected criminal activity to the Rhode Island state police for
6 investigation.

7 (c) Any interest, costs or expense collected under this section shall be appropriated to the
8 ~~Division~~ commission for administrative purposes.

9 (d) Any penalty imposed by the ~~Division~~ director pursuant to this § 42-61.2-13 shall be
10 appealable to Superior Court.

11 **42-61.2-14. Compulsive and problem gambling program. [See Applicability notes.]**

12 The ~~Division~~ commission and the State acknowledge that the vast majority of gaming
13 patrons can enjoy gambling games responsibly, but that there are certain societal costs associated
14 with gaming by some individuals who have problems handling the product or services provided.
15 The ~~Division~~ commission and the State further understand that it is their duty to act responsibly
16 toward those who cannot participate conscientiously in gaming. Pursuant to the foregoing, Twin
17 River and Newport Grand, in cooperation with the State, shall offer compulsive and problem
18 gambling programs that include, but are not limited to (a) problem gambling awareness programs
19 for employees; (b) player self-exclusion program; and (c) promotion of a problem gambling
20 hotline. Twin River and Newport Grand shall modify their existing compulsive and problem-
21 gambling programs to include table games to the extent such games are authorized at such
22 facilities. Twin River and Newport Grand shall reimburse and pay to the ~~Division~~ commission no
23 less than one hundred thousand dollars (\$100,000) in aggregate annually for compulsive and
24 problem gambling programs established by the ~~Division~~ commission. The contribution from each
25 facility shall be determined by the ~~Division~~ commission.

26 SECTION 4. Chapter 42-61.2 of the General Laws entitled "Video-Lottery Terminal" is
27 hereby amended by adding thereto the following section:

28 **42-61.2-16. Severability.**

29 If any provision of this chapter or the application thereof to any person, entity, or
30 circumstance is held invalid, such invalidity shall not affect other provisions or applications of
31 this chapter, which can be given effect without the invalid provision(s) or application, and to this
32 end the provisions of this chapter are declared to be severable.

33 SECTION 5. Sections 42-61.3-1, 42-61.3-2, and 42-61.3-3 of the General Laws in
34 Chapter 42-61.3 entitled "Casino Gaming" are hereby amended to read as follows:

1 **42-61.3-1. Gaming enforcement unit.**

2 (a) The superintendent of the state police shall establish a gaming enforcement unit
3 within the state police.

4 (b) The gaming enforcement unit shall work both independently and in conjunction and
5 cooperation with the commission ~~division of state lottery and the department of business~~
6 ~~regulation~~ to ensure the integrity of casino gaming activities in the state.

7 (c) The superintendent of the state police shall assign such supervisory and investigative
8 personnel and other resources to the gaming enforcement unit as may be necessary to fulfill its
9 obligations under this chapter. No person assigned to the casino gaming unit, other than in the
10 performance of his/her official duties, shall place a wager in a facility licensed by the ~~division of~~
11 ~~state lottery~~ commission.

12 (d) The gaming enforcement unit's responsibilities shall include, but not be limited to:

13 (1) Conducting due diligence investigations and background investigations with respect
14 to entities and individuals required to be licensed by the commission ~~division and/or the~~
15 ~~department of business regulation~~;

16 (2) Monitoring for and investigating potential criminal activity; and

17 (3) Taking any and all actions necessary to enforce the criminal laws related to casino
18 gaming activities.

19 (e) Any and all individuals and/or entities licensed by the ~~division of~~ state lottery
20 commission ~~and/or the department of business regulation~~ shall cooperate with the gaming
21 enforcement unit in the performance of its duties.

22 (f) The gaming enforcement unit may independently conduct gaming related
23 investigations and background investigations that require out-of-state travel. It shall be the
24 responsibility of the applicant and/or licensee, as applicable, to reimburse the state police for all
25 travel-related expenses incurred while conducting gaming-related investigations and background
26 investigations.

27 (g) Notwithstanding any other provisions of the general laws, members of the gaming
28 enforcement unit shall have the power to enter the premises of a gaming facility licensed by the
29 ~~division of state lottery~~ commission at any time, to the extent permissible under the constitutions
30 of the state of Rhode Island and the United States of America, through its investigators and law
31 enforcement personnel at any time without notice for the following purposes:

32 (1) To inspect and examine the premises of a gaming facility where casino gaming
33 activities are conducted;

34 (2) To inspect, examine and/or seize any and all tangible property related to casino

1 gaming activities;

2 (3) To inspect, examine, seize and/or audit all computers, books, ledgers, documents,
3 writing, photocopies, correspondence, records, videotapes, including electronically stored
4 records, money receptacles, other containers and their contents, and equipment in or on which the
5 records are stored at a licensed gaming facility, its parking areas and/or adjacent buildings and
6 structures on the premises of the gaming facility;

7 (4) To conduct criminal investigations into violations of the criminal laws or the rules and
8 regulations promulgated thereto;

9 (5) To eject, exclude or authorize the ejection or exclusion of a person from a gaming
10 facility if the person allegedly violated any criminal law, or when the ~~division of state lottery~~
11 [director](#) or the casino gaming unit determines that the person's conduct or reputation is such that
12 his or her presence within the gaming facility may compromise the honesty and integrity of
13 casino gaming activities or interfere with the orderly conduct of casino gaming activities. Nothing
14 herein shall preclude any other law enforcement or regulatory agency from having similar
15 authority as otherwise permitted by law or regulation; and

16 (6) Take any and all other actions as may be reasonable or appropriate to carry out their
17 duties and responsibilities under this chapter.

18 **42-61.3-2. Casino gaming crimes.**

19 (a) Definitions as used in this chapter:

20 (1) "Casino gaming" shall have the meaning set forth in the Rhode Island general laws
21 subdivision 42-61.2-1(8).

22 (2) "Cheat" means to alter the element of chance, method of selection, or criteria which
23 determines:

24 (i) The result of the game;

25 (ii) The amount or frequency of payment in a game, including intentionally taking
26 advantage of a malfunctioning machine;

27 (iii) The value of a wagering instrument; or

28 (iv) The value of a wagering credit.

29 (3) "Cheating device" means any physical, mechanical, electromechanical, electronic,
30 photographic, or computerized device used in such a manner as to cheat, deceive or defraud a
31 casino game. This includes, but is not limited to:

32 (i) Plastic, tape, string or dental floss, or any other item placed inside a coin or bill
33 acceptor or any other opening in a video-lottery terminal in a manner to simulate coin or currency
34 acceptance;

1 (ii) Forged or stolen keys used to gain access to a casino game to remove its contents; and

2 (iii) Game cards or dice that have been tampered with, marked or loaded.

3 (4) "Gaming facility" means any facility authorized to conduct casino gaming as defined
4 in the Rhode Island general laws subdivision 42-61.2-1(8), including its parking areas and/or
5 adjacent buildings and structures.

6 (5) "Paraphernalia for the manufacturing of cheating devices" means the equipment,
7 products or materials that are intended for use in manufacturing, producing, fabricating,
8 preparing, testing, analyzing, packaging, storing or concealing a counterfeit facsimile of the
9 chips, tokens, debit instruments or other wagering devices approved by the ~~division of state~~
10 ~~lottery~~ commission or lawful coin or currency of the United States of America. This term
11 includes, but is not limited to:

12 (i) Lead or lead alloy molds, forms, or similar equipment capable of producing a likeness
13 of a gaming token or United States coin or currency;

14 (ii) Melting pots or other receptacles;

15 (iii) Torches, tongs, trimming tools or other similar equipment; and

16 (iv) Equipment that can be used to manufacture facsimiles of debit instruments or
17 wagering instruments approved by the ~~division of state lottery~~ commission.

18 (6) "Table game" shall have the meaning set forth in Rhode Island general laws
19 subdivision 42-61.2-1(11).

20 (7) "Wager" means a sum of money or representative of value that is risked on an
21 occurrence for which the outcome is uncertain.

22 (b) Prohibited Acts and Penalties. It shall be unlawful for any person to:

23 (1) Use, or attempt to use, a cheating device in a casino game or to have possession of
24 such a device in a gaming facility. Any person convicted of violating this section shall be guilty
25 of a felony punishable by imprisonment for not more than ten (10) years or a fine of not more
26 than one hundred thousand dollars (\$100,000), or both;

27 (2) Use, acquire, or possess paraphernalia with intent to cheat, or attempt to use, acquire
28 or possess, paraphernalia with the intent to manufacture cheating devices. Any person convicted
29 of violating this section shall be guilty of a felony punishable by imprisonment for not more than
30 ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

31 (3) Cheat, or attempt to cheat, in order to take or collect money or anything of value,
32 whether for one's self or another, in or from a casino game in a gaming facility. Any person
33 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
34 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or

1 both;

2 (4) Conduct, carry on, operate, deal, or attempt to conduct, carry on, operate or deal, or
3 allow to be conducted, carried on, operated, or dealt, any cheating game or device. Any person
4 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
5 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
6 both;

7 (5) Manipulate or alter or attempt to manipulate or alter, with the intent to cheat, any
8 physical, mechanical, electromechanical, electronic, or computerized component of a casino
9 game, contrary to the designed and normal operational purpose for the component. Any person
10 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
11 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
12 both;

13 (6) Use, sell or possess, or attempt to use, sell or possess, counterfeit: coins, slugs, tokens,
14 gaming chips, debit instruments, player rewards cards or any counterfeit wagering instruments
15 and/or devices resembling tokens, gaming chips, debit or other wagering instruments approved by
16 the ~~division of state lottery~~ [commission](#) for use in a casino game in a gaming facility. Any person
17 convicted of violating this section shall be guilty of a felony punishable by imprisonment for not
18 more than ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or
19 both;

20 (7) (i) Place, increase, decrease, cancel or remove a wager or determine the course of play
21 of a table game, or attempt to place, increase, decrease, cancel or remove a wager or determine
22 the course of play of a table game, with knowledge of the outcome of the table game where such
23 knowledge is not available to all players; or

24 (ii) Aid, or attempt to aid anyone in acquiring such knowledge for the purpose of placing,
25 increasing, decreasing, cancelling or removing a wager or determining the course of play of the
26 table game. Any person convicted of violating this section shall be guilty of a felony punishable
27 by imprisonment for not more than ten (10) years or a fine of not more than one hundred
28 thousand dollars (\$100,000), or both;

29 (8) Claim, collect or take, or attempt to claim, collect or take, money or anything of value
30 in or from a casino game or gaming facility, with intent to defraud, or to claim, collect or take an
31 amount greater than the amount won. Any person convicted of violating this section shall be
32 guilty of a felony punishable by imprisonment for not more than ten (10) years or a fine of not
33 more than one hundred thousand dollars (\$100,000), or both;

34 (9) For any employee of a gaming facility or anyone acting on behalf of or at the

1 direction of an employee of a gaming facility, to knowingly fail to collect, or attempt to fail to
2 collect, a losing wager or pay, or attempt to pay, an amount greater on any wager than required
3 under the rules of a casino game. Any person convicted of violating this section shall be guilty of
4 a felony punishable by imprisonment for not more than ten (10) years or a fine of not more than
5 one hundred thousand dollars (\$100,000), or both;

6 (10) Directly or indirectly offer, or attempt to offer, to conspire with another, or solicit, or
7 attempt to solicit, from another, anything of value, for the purpose of influencing the outcome of
8 a casino game. Any person convicted of violating this section shall be guilty of a felony
9 punishable by imprisonment for not more than ten (10) years or a fine of not more than one
10 hundred thousand dollars (\$100,000), or both;

11 (11) Use or possess, or attempt to use or possess, at a gaming facility, without the written
12 consent of the director, in compliance with the rules and regulations set forth by the commission,
13 ~~of the division of state lottery~~ any electronic, electrical or mechanical device designed,
14 constructed or programmed to assist the user or another person with the intent to:

15 (i) Predict the outcome of a casino game;

16 (ii) Keep track of the cards played;

17 (iii) Analyze and/or predict the probability of an occurrence relating to the casino game;

18 and/or

19 (iv) Analyze and/or predict the strategy for playing or wagering to be used in the casino
20 game. Any person convicted of violating this section shall be guilty of a felony punishable by
21 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
22 dollars (\$100,000), or both;

23 (12) Skim, or attempt to skim, casino gaming proceeds by excluding anything of value
24 from the deposit, counting, collection, or computation of:

25 (i) Gross revenues from gaming operations or activities;

26 (ii) Net gaming proceeds; and/or

27 (iii) Amounts due the state pursuant to applicable casino gaming-related laws. Any
28 person convicted of violating this section shall be guilty of a felony punishable by imprisonment
29 for not more than ten (10) years or a fine of not more than one hundred thousand dollars
30 (\$100,000), or both;

31 (13) Cheat, or attempt to cheat, in the performance of his/her duties as a dealer or other
32 casino employee by conducting one's self in a manner that is deceptive to the public or alters the
33 normal random selection of characteristics or the normal chance or result of the game, including,
34 but not limited to, using cards, dice or any cheating device(s) which have been marked, tampered

1 with or altered. Any person convicted of violating this section shall be guilty of a felony
2 punishable by imprisonment for not more than ten (10) years or a fine of not more than one
3 hundred thousand dollars (\$100,000), or both;

4 (14) Possess or use, or attempt to use, without proper authorization from the [director in](#)
5 [compliance with the rules and regulations set forth by the commission](#), ~~state lottery division~~ while
6 in the gaming facility any key or device designed for the purpose of or suitable for opening or
7 entering any self-redemption unit (kiosk), vault, video-lottery terminal, drop box or any secured
8 area in the gaming facility that contains casino gaming and/or surveillance equipment, computers,
9 electrical systems, currency, cards, chips, dice, or any other thing of value. Any person convicted
10 of violating this section shall be guilty of a felony punishable by imprisonment for not more than
11 ten (10) years or a fine of not more than one hundred thousand dollars (\$100,000), or both;

12 (15) Tamper and/or interfere, or attempt to tamper and/or interfere, with any casino
13 gaming and/or surveillance equipment, including, but not limited to, related computers and
14 electrical systems. Any person convicted of violating this section shall be guilty of a felony
15 punishable by imprisonment for not more than ten (10) years or a fine of not more than one
16 hundred thousand dollars (\$100,000), or both;

17 (16) Access, interfere with, infiltrate, hack into or infect, or attempt to access, interfere
18 with, infiltrate, hack into or infect, any casino gaming-related computer, network, hardware
19 and/or software or other equipment. Any person convicted of violating this section shall be guilty
20 of a felony punishable by imprisonment for not more than ten (10) years or a fine of not more
21 than one hundred thousand dollars (\$100,000), or both;

22 (17) Sell, trade, barter, profit from or otherwise use to one's financial advantage, or
23 attempt to sell, trade, barter, profit from or otherwise use to one's financial advantage, any
24 confidential information related to casino-gaming operations, including, but not limited to, data
25 (whether stored on a computer's software, hardware, network or elsewhere), passwords, codes,
26 surveillance and security characteristics and/or vulnerabilities, and/or non-public internal
27 controls, policies and procedures related thereto. Any person convicted of violating this section
28 shall be guilty of a felony punishable by imprisonment for not more than ten (10) years or a fine
29 of not more than one hundred thousand dollars (\$100,000), or both;

30 (18) Conduct a gaming operation, or attempt to conduct a gaming operation, where
31 wagering is used or to be used without a license issued by the ~~division of state lottery~~ [director](#).
32 Any person convicted of violating this section shall be guilty of a felony punishable by
33 imprisonment for not more than ten (10) years or a fine of not more than one hundred thousand
34 dollars (\$100,000), or both;

1 (19) Provide false information and/or testimony to the ~~division of state lottery~~ [director or](#)
2 [commission](#), department of business regulation, or their authorized representatives and/or the
3 state police while under oath. Any person convicted of violating this section shall be guilty of a
4 felony punishable by imprisonment for not more than ten (10) years or a fine of not more than
5 one hundred thousand dollars (\$100,000), or both;

6 (20) Play a casino game and/or make a wager, or attempting to play a casino game and/or
7 make a wager, if under the age eighteen (18) years. Any person charged under this section shall
8 be referred to family court; or

9 (21) Permit, or attempt to permit, a person to play a casino game and/or accept, or
10 attempt to accept, a wager from a person, if he/she is under the age of eighteen (18) years. Any
11 person convicted of violating this section be guilty of a misdemeanor punishable by
12 imprisonment for not more than one year or a fine of not more than one thousand dollars
13 (\$1,000), or both.

14 **42-61.3-3. Barred from gaming facility; restitution; confiscation.**

15 (a) In addition, anyone so convicted of any crime above may be barred for a period of
16 time, including life, from any gaming facility by court order, the ~~division of state lottery~~ [director](#)
17 or the gaming facility.

18 (b) Upon conviction of either a felony or misdemeanor in this chapter, the sentencing
19 judge may require full restitution for any monetary losses suffered.

20 (c) Any cheating device, paraphernalia used to manufacture cheating devices, counterfeit:
21 coins, slugs, tokens, gaming chips, debit instruments, player rewards cards or any counterfeit
22 wagering instruments and/or devices resembling tokens, gaming chips, debit or other wagering
23 instruments or any other equipment or real or personal property used, obtained or received in
24 violation of this chapter, shall be confiscated ~~by the division of state lottery~~, the gaming facility
25 and/or the gaming enforcement unit of the state police and shall be forfeited to the gaming
26 enforcement unit. This section shall include the confiscation and forfeiture of vehicles containing
27 any item(s) listed above.

28 SECTION 6. Chapter 42-61.3 of the General Laws entitled "Casino Gaming" is hereby
29 amended by adding thereto the following section:

30 **42-61.3-5. Severability.**

31 [If any provision of this chapter or the application thereof to any person, entity, or](#)
32 [circumstance is held invalid, such invalidity shall not affect other provisions or applications of](#)
33 [this chapter, which can be given effect without the invalid provision\(s\) or application, and to this](#)
34 [end the provisions of this chapter are declared to be severable.](#)

1 SECTION 7. Chapter 22-14.2 of the General Laws entitled "Permanent Joint Committee
2 on State Lottery" is hereby repealed in its entirety.

3 ~~CHAPTER 22-14.2~~

4 ~~Permanent Joint Committee on State Lottery~~

5 ~~22-14.2-1. Permanent joint committee on state lottery -- Composition.~~

6 ~~There is hereby created a permanent joint committee on state lottery. The permanent joint~~
7 ~~committee on state lottery shall consist of eight (8) members; four (4) of whom shall be members~~
8 ~~of the senate, not more than three (3) from the same political party to be appointed by the senate~~
9 ~~president; and four (4) of whom shall be members of the house of representatives, not more than~~
10 ~~three (3) from the same political party to be appointed by the speaker of the house.~~

11 ~~The senate president and the speaker of the house shall consult with the house and senate~~
12 ~~minority leaders on the appointment of the minority members.~~

13 ~~22-14.2-2. Powers and duties of permanent joint committee on state lottery.~~

14 ~~The permanent joint committee on state lottery shall have the authority to:~~

15 ~~(a) Provide oversight to the state lottery and the division of state lottery;~~

16 ~~(b) Confer as the committee deems desirable with the director of lotteries;~~

17 ~~(c) Recommend the type of lotteries to be conducted;~~

18 ~~(d) Issue subpoenas, subpoenas duces tecum and orders for the production of books,~~
19 ~~accounts, papers, records and documents, and;~~

20 ~~(e) Make recommendations to the general assembly and propose legislation regarding the~~
21 ~~operation of the state lottery.~~

22 SECTION 8. This act shall take effect upon passage.

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LC001155/SUB A/2
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- STATE LOTTERY

- 1 This act would restore the lottery commission.
- 2 This act would take effect upon passage.

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LC001155/SUB A/2
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