

2023 -- S 0948 SUBSTITUTE B

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

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

Introduced By: Senators Ruggerio, Pearson, Ciccone, Gallo, Felag, F. Lombardi, and
Lombardo
Date Introduced: April 27, 2023

Referred To: Senate Special Legislation and Veterans Affairs

It is enacted by the General Assembly as follows:

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

7 SECTION 2. Definitions.

8 (a) In this act, capitalized terms not otherwise defined shall have the meanings given them
9 in § 42-61.2-1 of the General Laws as of the effective date of this act after giving effect to the
10 amendments thereto pursuant to Section 4 of this act.

11 (b) In this act:

12 (1) "Affiliate" means a Person who or that directly, or indirectly through one or more
13 intermediaries, controls, is controlled by or is under common control with a Person.

14 (2) "Bally's" means Bally's Corporation, a Delaware corporation.

15 (3) "Control" means the possession, directly or indirectly, of the power to direct or cause
16 the direction of the management and policies of a Person, whether through the ownership of voting
17 securities, by contract or otherwise.

18 (4) "iGaming Joint Venture" means a Delaware limited liability company to be owned in

1 part by IGT Global Solutions Corporation, a Delaware corporation ("IGT") or Affiliates of IGT
2 and by Bally's or Affiliates of Bally's and controlled by Bally's or Affiliates of Bally's.

3 (5) "Person" means a natural person, corporation, limited liability company, partnership
4 (general or limited), joint venture, estate, trust or unincorporated association; any federal, state,
5 county, or municipal government or any bureau, department or agency thereof; any fiduciary acting
6 in such capacity, on behalf of any of the foregoing; or any other legal or business entity or
7 organization.

8 SECTION 3. Authorization and Empowerment of State Lottery Division with respect to
9 the Rhode Island Affiliates of Bally's. Notwithstanding any provisions of the general laws of the
10 state or regulations adopted thereunder to the contrary, including, without limitation, the provisions
11 of chapter 2 of title 37, chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby
12 authorized and empowered:

13 (a) To enter into a contract with the Rhode Island Affiliates of Bally's to be the exclusive
14 iGaming game vendor ("iGaming Game Agreement") under the terms and conditions set forth in
15 this act, which shall, among other matters:

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

18 (2) Provide that the state's maximum obligation of the payment service provider
19 transactions fees associated with the Division's operation of Gaming shall be thirty-three percent
20 (33%);

21 (3) Obligate the Rhode Island Affiliates of Bally's to regularly update online slot games
22 offered to players in connection with the Division's operation of iGaming on schedules agreed to
23 by the Division;

24 (4) Provide the Division with the right to assess liquidated damages against Bally's or its
25 Rhode Island Affiliates if any iGaming games are not available to players in accordance with this
26 act as determined by the Division;

27 (5) Require the Rhode Island Affiliates of Bally's to enter into an assignment and
28 assumption agreement between the Rhode Island Affiliates of Bally's and the iGaming Joint
29 Venture (the "iGaming Assignment and Assumption Agreement"), the terms of which shall be
30 subject to the review and approval of the Division;

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

33 (b) To consent to:

34 (1) The irrevocable assignment by the Rhode Island Affiliates of Bally's to the iGaming

1 Joint Venture of:

2 (i) The right to be the exclusive iGaming game vendor providing online slot games and
3 online table games to the Division, such online slot games and online table games being games
4 owned or licensed by an owner or an Affiliate of an owner of the iGaming game vendor or games
5 owned or licensed by a third party, that (in either case) are licensed to the iGaming game vendor
6 for sublicense to the Division as authorized by the Division.

7 (2) The assumption by the iGaming Joint Venture of the obligations of the Rhode Island
8 Affiliates of Bally's under the iGaming Game Agreement pursuant to the iGaming Assignment and
9 Assumption Agreement, the terms of which shall be subject to the review and approval of the
10 Division.

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

14 (1) Provide for a term that is coterminous with the UTGR Master Contract and Twin River
15 Tiverton Master Contract;

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

18 (3) Provide the Division with the right to assess liquidated damages against Bally's or its
19 Rhode Island Affiliates if iGaming wagers are not being accepted by the iGaming server-based
20 gaming system in accordance with this act as determined by the Division;

21 (4) Obligate the Rhode Island Affiliates of Bally's to fund the Division's responsible
22 gambling programs to include prevention and educations services in addition to those funds
23 provided under § 42-61.2-14, as amended by this act;

24 (5) Require the Rhode Island Affiliates of Bally's to host server-based gaming systems in
25 connection with online sports wagering as determined by the Division in the Division's sole
26 discretion;

27 (6) Require the Rhode Island Affiliates of Bally's to pay for the costs, including, but not
28 limited to, professional and project management fees, incurred by the Division in connection with
29 implementation of the Division's operation of iGaming;

30 (7) Provide financial protection to the state related to the impact on traditional lottery
31 products as a result of iGaming whereby Bally's or the Rhode Island Affiliates of Bally's make an
32 annual payment to the Division in an amount equal to one hundred percent (100%) of the first one
33 million dollars (\$1,000,000) of any shortfall and fifty percent (50%) of any shortfall between one
34 million dollars (\$1,000,000) and two million dollars (\$2,000,000) in net revenue received by the

1 Division from traditional lottery products, including online games and instant ticket games. For
2 purposes of this subdivision, a shortfall in net revenue from traditional lottery products shall mean
3 the difference between the net revenue in traditional lottery products in any given fiscal year and
4 the net revenue in traditional lottery products in the most recent full fiscal year before the start of
5 iGaming.

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

7 (d) Nothing in this act shall be deemed to affect the authority of the Division to regulate
8 Bally's, Affiliates of Bally's, or the iGaming Joint Venture in connection with state-operated casino
9 gaming (including iGaming).

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

13 **42-61.2-1. Definitions.**

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

15 (1) "2017 Budget Act" means 2017 — H 5175 Substitute A, as amended, entitled "An Act
16 Relating to Making Appropriations for the Support of the State for the Fiscal Year ending June 30,
17 2018," which Act was signed into law by the Governor of Rhode Island on August 3, 2017.

18 (2) "Casino gaming" means any and all table and casino-style games played with cards,
19 dice, or equipment, for money, credit, or any representative of value; including, but not limited to:
20 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or any
21 other game or device included within the definition of Class III gaming as that term is defined in
22 Section 2703(8) of Title 25 of the United States Code and that is approved by the state through the
23 division of state lottery.

24 (3) "Central communication system" means a system approved by the Division, linking all
25 Video Lottery Terminals at a licensed video lottery retailer location to provide auditing program
26 information and any other information determined by the Division. In addition, the central
27 communications system must provide all computer hardware and related software necessary for the
28 establishment and implementation of a comprehensive system as required by the Division.

29 (4) "Collegiate sports or athletic event" shall not include a collegiate sports contest or
30 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
31 which any Rhode Island college team participates regardless of where the event takes place.

32 (5) "Consolidated promotional points program" means, collectively, the "Initial
33 Promotional Points Program" and the "Supplementary Promotional Points Program" applicable to
34 the Lincoln gaming facility and the "Initial Promotional Points Program" and the "Supplementary

Promotional Points Program" applicable to the Tiverton gaming facility, with each of the terms "Initial Promotional Points Program" and "Supplementary Promotional Points Program" having the meanings given such terms in the 2017 Budget Act.

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

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

(8) "Director" means the director of the Division.

(9) "Division" means the state lottery division of the department of revenue and/or any successor in interest thereto.

(10) "Hosting facility" refers to the Lincoln gaming facility and the Tiverton gaming facility.

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

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

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

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

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

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

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

(v) Wagering on the respective scores or points of the game of jai alai or pelota and the sale of pari-mutuel pools related to such games, as regulated elsewhere pursuant to the general

1 laws, including in chapter 7 of title 41; and

2 (vi) Lotteries, charitable gaming, games of chance, bingo games, raffles, and pull-tab

3 lottery tickets, to the extent permitted and regulated pursuant to chapter 19 of title 11.

4 (12) "iGaming game vendor" means any entity authorized to provide online slot games and

5 online table games, as approved by the Division in connection with iGaming, on the Division's

6 behalf in accordance with this chapter, such online slot games and online table games being games

7 owned or licensed by the iGaming game vendor (or by an entity controlling, controlled by or under

8 common control with such entity) or games owned or licensed by a third party, that (in either case)

9 are licensed to the iGaming game vendor for sublicense to the Division as authorized by the

10 Division.

11 (13) "iGaming platform vendor" means an entity that operates a hosting facility (or by an

12 entity controlling, controlled by or under common control with such an entity) and that is authorized

13 by the Division to conduct iGaming on the Division's behalf in accordance with this chapter.

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

15 ~~(15)~~ (15) "Licensed video lottery retailer" means a pari-mutuel licensee specifically

16 licensed by the Director subject to the approval of the Division to become a licensed video lottery

17 retailer.

18 ~~(16)~~ (16) "Lincoln gaming facility" means the gaming and entertainment facility located at

19 100 Twin River Road in the town of Lincoln, Rhode Island (sometimes referred to as "Twin River"

20 or the "Twin River gaming facility").

21 ~~(17)~~ (17) "Marketing Year" means the fiscal year of the state.

22 ~~(18)~~ (18) "Net table-game revenue" means win from table games minus counterfeit

23 currency.

24 ~~(19)~~ (19) "Net terminal income" means currency placed into a Video Lottery Terminal less

25 credits redeemed for cash by players.

26 ~~(20)~~ (20) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability

27 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee

28 of Newport Grand, LLC under the Newport Grand Master Contract, including, without limitation,

29 Premier (as defined in subsection (25) of this section) and/or Twin River-Tiverton (as defined in

30 subsection (40) of this section) provided it is a pari-mutuel licensee (as defined in this section);

31 provided, further, however, where the context indicates that the term is referring to the physical

32 facility, then it shall mean the gaming and entertainment facility located at 150 Admiral Kalbfus

33 Road, Newport, Rhode Island.

34 ~~(21)~~ (21) "Newport Grand Marketing Year" means each fiscal year of the state or a portion

thereof between November 23, 2010, and the termination date of the Newport Grand Master Contract.

~~(19)~~(22) "Newport Grand Master Contract" means that certain master video lottery terminal contract made as of November 23, 2005, by and between the division of lotteries of the Rhode Island department of administration and Newport Grand, as amended and extended from time to time as authorized therein and/or as such Newport Grand Master Contract may be assigned as permitted therein.

~~(20)~~(23) "Online gaming account" means an account opened by a patron that such patron shall use for the deposit and withdrawal of funds used for online sports wagering, iGaming, or both.
An online gaming account may be used for both online sports wagering conducted under § 42-61.2-2.4 and iGaming, only if the patron is over twenty-one (21) years of age. A patron under the age of twenty-one (21) is prohibited from having or using an online gaming account for iGaming.

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

(i) An auto play feature;
(ii) An adjustable bet feature;
(iii) A random number generator to determine the game outcome; and
(iv) Games that can be played infinitely, using a nondepleting prize pool, offer prizes that are all available with every play, and have odds that remain the same with every play.

(25) "Online slot gaming revenue" means:

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

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

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

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

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

(A) Counterfeit cash;

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

(C) Cash taken in a fraudulent act perpetrated against the iGaming platform vendor or iGaming game vendor, for which the iGaming platform vendor or iGaming game vendor is not

1 reimbursed;

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

6 ~~(21)~~(26) "Online sports wagering" means engaging in the act of sports wagering by the
7 placing of wagers on sporting events or a combination of sporting events, or on the individual
8 performance statistics of athletes in a sporting event or a combination of sporting events, over the
9 internet through computers, mobile applications on mobile devices or other interactive devices
10 approved by the Division, which wagers are accepted by a server-based gaming system located at
11 the premises of a hosting facility authorized to accept sports wagers and administer payoffs of
12 winning sports wagers; all such wagers shall be deemed to be placed and accepted at the premises
13 of ~~a~~ such hosting facility.

14 ~~(22)~~(27) "Online sports-wagering revenue" means:

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

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

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

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

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

22 (I) Counterfeit cash.

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

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

27 (IV) Free play provided by the hosting facility or sports-wagering vendor as authorized by
28 the Division to a player and subsequently "won back" by the hosting facility or sports-wagering
29 vendor, for which the hosting facility or sports-wagering vendor can demonstrate that it or its
30 affiliate has not been reimbursed in cash.

31 (28) "Online table game" means a casino-style table game authorized by the Division
32 within the scope of the term iGaming, where such games are conducted by one or more live persons
33 and made available to players through use of the Internet through computers, mobile applications
34 on mobile devices, or other interactive devices approved by the Division, which wagers are

1 accepted by a server-based gaming system located at the premises of a hosting facility and played
2 with the digital representation of cards, dice or equipment

3 (29) "Online table gaming revenue" means:

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

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

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

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

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

12 (A) Counterfeit cash;

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

15 (C) Cash taken in a fraudulent act perpetrated against the iGaming platform vendor or
16 iGaming game vendor for which the iGaming platform vendor or iGaming game vendor is not
17 reimbursed;

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

22 ~~(23)~~(30) "Pari-mutuel licensee" means:

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

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

25 ~~(24)~~(31) "Payoff," when used in connection with sports wagering, means cash or cash
26 equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type
27 of "prize," as the term "prize" is used in chapters 61, 61.2, and 61.3 of this title.

28 ~~(25)~~(32) "Premier" means Premier Entertainment II, LLC ~~and/or~~ and its successor in
29 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
30 assets of such entity.

31 ~~(26)~~(33) "Prior marketing year," means, with respect to a marketing year, the most recent
32 previous marketing year during which the Division operated a majority of the authorized video
33 lottery games at each of the Lincoln gaming facility and the Tiverton gaming facility for at least
34 360 days (or 361 days in the case there are 366 days in such marketing year). For the avoidance of

doubt, because the Division will not have operated a majority of the authorized video lottery games at the Lincoln gaming facility and at the Tiverton gaming facility for at least 361 days during the marketing year expiring on June 30, 2020, the prior marketing year with respect to the marketing year expiring on June 30, 2021, shall be the marketing year expiring on June 30, 2019.

~~(27)~~(34) "Promotional points" has the meaning given such term in the 2017 Budget Act.

~~(28)~~(35) "Rake" means a set fee or percentage of cash and chips representing cash wagered in the playing of a nonbanking table game assessed by a table games retailer for providing the services of a dealer, gaming table, or location, to allow the play of any nonbanking table game.

~~(29)~~(36) "Server-based gaming system" means all hardware, software, and communications devices that comprise a system utilized for the purpose of offering an electronic platform used in connection with the process of placing and accepting sports wagers and/or iGaming wagers (as applicable).

~~(30)~~(37) "Sporting event" means any professional sport or athletic event, any Olympic or international sports competition event, and any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events, except "sporting event" shall not include a prohibited sporting event.

~~(31)~~(38) "Sports wagering" means the business of accepting wagers on sporting events or a combination of sporting events, or on the individual performance statistics of athletes in a sporting event or combination of sporting events, by any system or method of wagering. The term includes, but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets, and the term includes the placement of such bets and wagers. However, the term does not include, without limitation, the following:

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

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

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

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

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

3 (iv) iGaming (as defined in this section).

4 ~~(32)~~(39) "Sports-wagering device" means any mechanical, electrical, or computerized
5 contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the
6 Division and used to conduct sports wagering.

7 ~~(33)~~(40) "Sports-wagering revenue" means:

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

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

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

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

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

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

15 (I) Counterfeit cash.

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

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

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

24 ~~(34)~~(41) "Sports-wagering vendor" means any entity authorized by the Division to operate
25 sports betting on the Division's behalf in accordance with this chapter.

26 ~~(35)~~(42) "Table game" or "Table gaming" means that type of casino gaming in which table
27 games are played for cash or chips representing cash, or any other representation of value that has
28 been approved by the Division, using cards, dice, or equipment and conducted by one or more live
29 persons.

30 ~~(36)~~(43) "Table-game retailer" means a retailer authorized to conduct table gaming
31 pursuant to § 42-61.2-2.1 or § 42-61.2-2.3.

32 ~~(37)~~(44) "Technology provider" means any individual, partnership, corporation, or
33 association that designs, manufactures, installs, maintains, distributes, or supplies Video Lottery
34 Terminals or associated equipment for the sale or use in this state.

1 ~~(38)~~(45) "Tiverton gaming facility" means the gaming and entertainment facility located at
2 the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton, Rhode
3 Island (sometimes referred to as "Twin River-Tiverton").

4 ~~(39)~~(46) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware
5 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided, however,
6 where the context indicates that the term is referring to a physical facility, then "Twin River" shall
7 mean the Lincoln gaming facility.

8 ~~(40)~~(47) "Twin River-Tiverton" means Twin River-Tiverton, LLC ~~and/or~~ and its successor
9 in interest by reason of the acquisition of the stock, membership interests, or substantially all of the
10 assets of such entity; provided, however, where the context indicates that the term is referring to a
11 physical facility, then "Twin River-Tiverton" shall mean the Tiverton gaming facility.

12 ~~(41)~~(48) "Twin River-Tiverton Marketing Year" has the same meaning as Marketing Year
13 (as defined in subsection (14) of this section).

14 ~~(42)~~(49) "Twin River-Tiverton Master Contract" has the same meaning as Newport Grand
15 Master Contract (as defined in subsection (19) of this section).

16 ~~(43)~~(50) "UTGR Master Contract" means that certain master video lottery terminal contract
17 made as of July 1, 2005, by and between the division of lotteries of the Rhode Island department
18 of administration (now the division of lotteries of the Rhode Island department of revenue) and
19 Twin River, as amended and extended from time to time as authorized therein ~~and/or~~ and as such
20 UTGR Master Contract may be assigned as permitted therein.

21 ~~(44)~~(51) "Video Lottery Agreement" means that certain Video Lottery Central Computer
22 System Agreement dated as of December 20, 2001, by and between IGT and the Division, as
23 amended, extended, assigned, and assumed from time to time.

24 ~~(45)~~(52) "Video lottery games" means lottery games played on Video Lottery Terminals
25 controlled by the Division.

26 ~~(46)~~(53) "Video lottery terminal" means any electronic computerized video game machine
27 that, upon the insertion of cash or any other representation of value that has been approved by the
28 Division, is available to play a video game authorized by the Division, and that uses a video display
29 and microprocessors in which, by chance, the player may receive free games or credits that can be
30 redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or
31 tokens.

32 ~~(47)~~(54) "VLT Agreement" means that certain Video Lottery Terminal Technology
33 Provider License Agreement dated as of September 28, 2000, by and between IGT and the Division,
34 as amended, extended, assigned, and assumed from time to time.

1 **42-61.2-4. Additional powers and duties of director and lottery division.**

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

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

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

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

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

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

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

20 ~~(6)~~(7) Certify monthly to the budget officer, the auditor general, the permanent joint
21 committee on state lottery, and to the governor a full and complete statement of lottery revenues,
22 prize disbursements, and other expenses for the preceding month; ensure that monthly financial
23 reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and
24 net income for keno and for all other lottery operations; submit this report to the state budget officer,
25 the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors,
26 and the governor no later than the twentieth business day following the close of the month; at the
27 end of each fiscal year the director shall submit an annual report based upon an accrual system of
28 accounting that shall include a full and complete statement of lottery revenues, prize disbursements,
29 and expenses, to the governor and the general assembly, which report shall be a public document
30 and shall be filed with the secretary of state. The monthly report shall be prepared in a manner
31 prescribed by the members of the revenue estimating conference.

32 **42-61.2-6. When games may be played.**

33 (a) Video lottery games authorized by this chapter may be played at the licensed video
34 lottery retailer's facilities with the approval of the division, even if that facility is not conducting a

1 pari-mutuel event.

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

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

10 **42-61.2-9. Unclaimed prize money, including unclaimed sports-wagering payoffs.**

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

18 **42-61.2-11. Effect of other laws and local ordinances.**

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

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

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

31 ~~(e)~~(d) The provisions of §§ 41-9-4 and 41-9-6 shall not apply to this chapter, and the
32 provisions of this chapter shall take precedence over any local ordinances to the contrary. It is
33 specifically acknowledged that the installation, operation, and use of video lottery terminals by a
34 pari-mutuel licensee, as authorized in this chapter, shall for all purposes be deemed a permitted use

as defined in § 45-24-31. No city or town where video lottery terminals are authorized may seek to prevent the installation and use of said video lottery terminals by defining such as a prohibited use.

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

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

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

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

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

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

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

7 SECTION 5. Chapter 42-61.2 of the General Laws entitled "Video Lottery Games, Table
8 Games and Sports Wagering" is hereby amended by adding thereto the following sections:

9 **42-61.2-3.4. iGaming Regulation.**

10 In addition to the powers and duties of the Division director under §§ 42-61-4, 42-61.2-3,
11 42-61.2-3.1, 42-61.2-3.2, 42-61.2-3.3, and 42-61.2-4 and pursuant to §§ 42-61.2-2.1 and 42-61.2-
12 2.3, the Division director shall promulgate rules and regulations relating to state-operated iGaming
13 and set policy for such gaming. Such rules and regulations shall include, but not be limited to:

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

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

17 (ii) Terms and conditions for iGaming;

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

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

23 (v) Operational controls for online gaming accounts, including, but not limited to,
24 procedures for the establishment and closure of an online gaming account, funding of withdrawal
25 of funds from an online gaming account, and generation of an account statement for a patron's
26 online gaming account; and

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

29 (2) Establishing the method for calculating online slot gaming revenue and online table
30 gaming revenue and standards for the daily counting and recording of cash and cash equivalents
31 received in the conduct of online slot games and online table games, and ensuring that internal
32 controls are followed and financial books and records are maintained and audits are conducted;

33 (3) Requiring the iGaming platform vendor to provide written information prominently
34 displayed on any electronic platform available to the patron through a server-based gaming system,

regarding wagering rules, payoffs on winning wagers, deposits, withdrawals, and other information as the Division may require; and

(4) Any other matters necessary for conducting iGaming.

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

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

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

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

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

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

(4) To the Town of Lincoln and the Town of Tiverton collectively, one and forty-five hundredth percent (1.45%) of online slot gaming revenue, divided whereby the Town of Lincoln receives seventy-seven (77%) of such allocation and the Town of Tiverton receives twenty-three percent (23%) of such allocation; provided that the amounts received under this subsection shall be credited towards the Lincoln Minimum and Tiverton Minimum, respectively, pursuant to § 42-61.2-7.

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

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

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

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

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

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

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

(4) To the Town of Lincoln and the Town of Tiverton collectively, one percent (1%) of online table game revenue, divided whereby the Town of Lincoln receives eighty percent (80%) of such allocation and the Town of Tiverton receives twenty percent (20%) of such allocation;

provided that the amounts received under this subsection shall be credited towards the Lincoln Minimum and Tiverton Minimum, respectively, pursuant to § 42-61.2-7.

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

42-61.2-17. General requirements for iGaming.

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

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

(c) The server-based gaming system used to process wagers in connection with iGaming, and all other hardware, software, and technology or equipment located on a hosting facility's premises and used in connection with iGaming, shall be located in a restricted area on the hosting facility's premises. This restriction shall not apply to online table games, which may be conducted on the hosting facility's premises in a place and manner approved by the Division.

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

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

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

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

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

(2) The wagering is conducted pursuant to a reciprocal agreement to which Rhode Island

1 is a party that is not inconsistent with federal or state law, including Rhode Island constitutional
2 and statutory law.

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

10 SECTION 6. This act shall take effect on March 1, 2024.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO LOTTERY GAMES,
TABLE GAMES AND SPORTS WAGERING

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

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LC002885/SUB B/2

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