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S T A T E O F R H O D E I S L A N D

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:

SECTION 1. Sections 42-61.2-1, 42-61.2-3.1, 42-61.2-4, 42-61.2-6, 42-61.2-9, 42-61.2-11, 42-61.2-14 and 42-61.2-15 of the General Laws in Chapter 42-61.2 entitled "Video Lottery Games, Table Games and Sports Wagering" are hereby amended to read as follows:

42-61.2-1. Definitions.

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

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

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

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

~~(3)~~(4) “Central communication system” means a system approved by the Division, linking all Video Lottery Terminals at a licensed video lottery retailer location to provide auditing program information and any other information determined by the Division. In addition, the central

communications system must provide all computer hardware and related software necessary for the establishment and implementation of a comprehensive system as required by the Division.

~~(4)~~(5) "Collegiate sports or athletic event" shall not include a collegiate sports contest or collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in which any Rhode Island college team participates regardless of where the event takes place.

~~(5)~~(6) "Consolidated promotional points program" means, collectively, the "Initial Promotional Points Program" and the "Supplementary Promotional Points Program" applicable to 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)~~(7) "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)~~ (8) "DBR" means the department of business regulation, division of gaming and athletics licensing, ~~and/or~~ and any successor in interest thereto.

~~(8)~~(9) "Director" means the director of the Division.

~~(9)~~(10) "Division" means the state lottery division of the department of revenue and/or any successor in interest thereto.

~~(10)~~(11) "Hosting facility" refers to the Lincoln gaming facility and the Tiverton gaming facility.

(12)(a) "iGaming" means casino gaming involving the placing of wagers of money or something of monetary value for the opportunity to win money or something of monetary value on a casino game, including, but not limited to, slot and table games, which game has been made available to players through the use of the Internet through computers, mobile applications on mobile devices, or other interactive devices approved by the Division, with wagers accepted by a server-based gaming system located at a hosting facility. iGaming games may include, but are not limited to, 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.

(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) iLottery games;

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

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

(13) "iGaming game vendor" means a Delaware limited company:

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

(ii) Authorized by the Division to be the exclusive provider of online slot games and online table games to the Division in accordance with this chapter, such online slot games and online table games being games owned or licensed by an owner of the iGaming game vendor (or by an entity controlling, controlled by or under common control with such owner) or games owned or licensed by a third party, that (in either case) are licensed to the iGaming game vendor for sublicense to the Division.

(14) "iGaming platform vendor" means an entity that owns or is the lessee under a long-term lease of a hosting facility (or by an entity controlling, controlled by or under common control with such an entity) and that is authorized by the Division to operate iGaming on the Division's

behalf in accordance with this chapter.

~~(11)~~(15) “IGT” means IGT Global Solutions Corporation, a Delaware corporation.

(16) "iLottery game" means a traditional lottery game (such as daily numbers, Powerball and Mega Millions) played online or a traditional instant ticket lottery game (for example, digital simulations of physical instant ticket lottery games) made available to players through the use of the Internet through computers, mobile applications on mobile devices, or other interactive devices approved by the Division. iLottery games 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.

However, iLottery games shall not include games involving actual or digital versions of spinning reels or pay lines.

~~(12)~~(17) “Licensed video lottery retailer” means a pari-mutuel licensee specifically licensed by the Director subject to the approval of the Division to become a licensed video lottery retailer.

~~(13)~~(18) “Lincoln gaming facility” means the gaming and entertainment facility located at 100 Twin River Road in the town of Lincoln, Rhode Island (sometimes referred to as “Twin River” or the “Twin River gaming facility”).

~~(14)~~(19) “Marketing Year” means the fiscal year of the state.

~~(15)~~(20) “Net table-game revenue” means win from table games minus counterfeit currency.

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

~~(17)~~(22) “Newport Grand” means Newport Grand, LLC, a Rhode Island limited-liability company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee of Newport Grand, LLC under the Newport Grand Master Contract, including, without limitation, Premier (as defined in subsection (25) of this section) and/or Twin River-Tiverton (as defined in subsection (40) of this section) provided it is a pari-mutuel licensee (as defined in this section); provided, further, however, where the context indicates that the term is referring to the physical facility, then it shall mean the gaming and entertainment facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

~~(18)~~(23) “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)~~(24) "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)~~(25) "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, or a patron may have separate online gaming accounts for iGaming and online sports wagering.

(26) "Online slot game" means an online slot-machine-like game 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.

(27) "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 and the iGaming platform vendor, as approved by the Division; and

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

(ii) The term online slot gaming revenue 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 for which the iGaming platform vendor is not reimbursed;

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

(28) "Online table game" means a casino-style table game within the scope of the term iGaming. Online table games include, but are not limited to, games played with the digital representation of cards, dice or equipment, such as, but not limited to, roulette, blackjack, big six, craps, poker, baccarat, paigow and other banking and percentage games. Online table games include, but are not limited to, online games involving digital versions of:

(i) An adjustable bet feature;

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

(iii) 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.

(29) "Online table gaming revenue" means:

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

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

(B) Marketing expenses related to online table games as agreed to by the Division 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 table 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 for which the iGaming platform vendor is not reimbursed;

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

~~(21)~~(30) “Online sports wagering” means engaging in the act of sports wagering by the placing of wagers on sporting events or a combination of sporting events, or on the individual performance statistics of athletes in a sporting event or a combination of sporting events, over 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 authorized to accept sports wagers and administer payoffs of winning sports wagers; all such wagers shall be deemed to be placed and accepted at the premises of ~~a~~ such hosting facility.

~~(22)~~(31) "Online sports-wagering revenue" means:

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

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

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

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

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

(I) Counterfeit cash.

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

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

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

~~(23)~~(32) "Pari-mutuel licensee" means:

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

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

~~(24)~~(33) "Payoff," when used in connection with sports wagering, means cash or cash equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type of "prize," as the term "prize" is used in chapters 61, 61.2, and 61.3 of this title.

~~(25)~~(34) "Premier" means Premier Entertainment II, LLC ~~and/or~~ and its successor in interest by reason of the acquisition of the stock, membership interests, or substantially all of the assets of such entity.

~~(26)~~(35) "Prior marketing year," means, with respect to a marketing year, the most recent previous marketing year during which the Division operated a majority of the authorized video lottery games at each of the Lincoln gaming facility and the Tiverton gaming facility for at least 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)~~(36) "Promotional points" has the meaning given such term in the 2017 Budget Act.

~~(28)~~(37) "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)~~(38) "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 iGaming or placing and accepting sports wagers, or both iGaming and placing and accepting sports wagers.

~~(30)~~(39) "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)~~(40) "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.

(v) Lotteries, charitable gaming, games of chance, bingo games, raffles, and pull-tab lottery

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

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

~~(32)~~(41) "Sports-wagering device" means any mechanical, electrical, or computerized contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the Division and used to conduct sports wagering.

~~(33)~~(42) "Sports-wagering revenue" means:

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

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

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

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

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

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

(I) Counterfeit cash.

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

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

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

~~(34)~~(43) "Sports-wagering vendor" means any entity authorized by the Division to operate sports betting on the Division's behalf in accordance with this chapter.

~~(35)~~(44) "Table game" or "Table gaming" means that type of casino gaming in which table games are played in person (i.e., physically present) at a hosting facility for cash or chips representing cash, or any other representation of value that has been approved by the Division, using cards, dice, or equipment and conducted by one or more live persons.

~~(36)~~(45) "Table-game retailer" means a retailer authorized to conduct table gaming pursuant to § 42-61.2-2.1 or § 42-61.2-2.3.

~~(37)~~(46) "Technology provider" means any individual, partnership, corporation, or association that designs, manufactures, installs, maintains, distributes, or supplies Video Lottery Terminals or associated equipment for the sale or use in this state.

~~(38)~~(47) "Tiverton gaming facility" means the gaming and entertainment facility located

at the intersection of William S. Canning Boulevard and Stafford Road in the town of Tiverton, Rhode Island (sometimes referred to as "Twin River-Tiverton").

~~(39)~~(48) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware corporation, and each permitted successor to and assignee of UTGR, Inc.; provided, however, where the context indicates that the term is referring to a physical facility, then "Twin River" shall mean the Lincoln gaming facility.

~~(40)~~(49) "Twin River-Tiverton" means Twin River-Tiverton, LLC ~~and/or~~ and its successor in interest by reason of the acquisition of the stock, membership interests, or substantially all of the assets of such entity; provided, however, where the context indicates that the term is referring to a physical facility, then "Twin River-Tiverton" shall mean the Tiverton gaming facility.

~~(41)~~(50) "Twin River-Tiverton Marketing Year" has the same meaning as Marketing Year (as defined in subsection (14) of this section).

~~(42)~~(51) "Twin River-Tiverton Master Contract" has the same meaning as Newport Grand Master Contract (as defined in subsection (19) of this section).

~~(43)~~(52) "UTGR Master Contract" means that certain master video lottery terminal contract made as of July 1, 2005, by and between the division of lotteries of the Rhode Island department of administration (now the division of lotteries of the Rhode Island department of revenue) and Twin River, as amended and extended from time to time as authorized therein ~~and/or~~ and as such UTGR Master Contract may be assigned as permitted therein.

~~(44)~~(53) "Video Lottery Agreement" means that certain Video Lottery Central Computer System Agreement dated as of December 20, 2001, by and between IGT and the Division, as amended, extended, assigned, and assumed from time to time.

~~(45)~~(54) "Video lottery games" means lottery games played on Video Lottery Terminals controlled by the Division.

~~(46)~~(55) "Video lottery terminal" means any electronic computerized video game machine that, upon the insertion of cash or any other representation of value that has been approved by the Division, is available to play a video game authorized by the Division, and that uses a video display and microprocessors in which, by chance, the player may receive free games or credits that can be redeemed for cash. The term does not include a machine that directly dispenses coins, cash, or tokens or any device that uses the Internet, including, but not limited to, computers and mobile devices, unless the video lottery terminal player must be physically present at the device at the hosting facility to place wagers on the device.

~~(47)~~(56) "VLT Agreement" means that certain Video Lottery Terminal Technology Provider License Agreement dated as of September 28, 2000, by and between IGT and the Division,

as amended, extended, assigned, and assumed from time to time.

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

42-61.2-3.1. ~~Table-game regulation~~ Table-game regulation and regulation of iGaming.

(a) In addition to the powers and duties of the Division director under §§ 42-61-4, 42-61.2-3 and 42-61.2-4, and pursuant to § 42-61.2-2.1 and § 42-61.2-2.2, the Division director shall promulgate reasonable rules and regulations relating to state-operated table gaming and state-operated iGaming and set policy for these table games. These rules and regulations shall include, but not be limited to:

(1) Establishing standards and procedures for table gaming and associated equipment.

(2) Establishing standards, rules and regulations to govern the conduct of table games and the system of wagering associated with table games, including without limitation:

(i) The object of the table game and method of play, including what constitutes win, loss or tie bets;

(ii) Physical characteristics of the table games and table-game equipment;

(iii) Wager and payout odds for each type of available wager;

(iv) The applicable inspection procedures for any of the following, as required by a table game:

(A) Cards;

(B) Dice;

(C) Wheels and balls; and

(D) Other devices, equipment and accessories related to table games.

(v) Procedures for the collection of bets and payouts, including requirements for internal revenue service purposes;

(vi) Procedures for handling suspected cheating or table-gaming irregularities; and

(vii) Procedures for handling any defective or malfunctioning table-game equipment.

(3) Establishing the method for calculating net table-game revenue and standards for the daily counting and recording of cash received in the conduct of table games, and ensuring that internal controls are followed, including the maintenance of financial books and records and the conduct of annual audits at the expense of the table game retailer.

(4) Establishing the number and type of table games authorized at a table-game retailer's facility, and all rules related thereto.

(5) Establishing any table-game rule changes, table-game minimum and maximum wager

changes, and changes to the type of table game being offered at a particular gaming table, including any notice by the table-game retailer to the public.

(6) Requiring the table-game retailer to:

(i) Provide written information at each table game about game rules, payoffs or winning wagers and other information as the Division may require.

(ii) Provide specifications approved by the Division to integrate and update the table-game retailer's surveillance system to cover all areas where table games are conducted and other areas as required by the lottery division. The specifications shall include provisions providing the Division and other persons authorized by the Division with onsite access to the system.

(iii) Designate one or more locations within the table-game retailer's facility to conduct table games.

(iv) Ensure that visibility in a table-game retailer's facility is not obstructed in any way that could interfere with the ability of the Division, the table-game retailer or other persons authorized under this section or by the Division to oversee the surveillance of the conduct of table games.

(v) Ensure that the count room for table gaming has appropriate security for the counting and storage of cash.

(vi) Furnish each table game with a sign acceptable to the division indicating the permissible minimum and maximum wagers at the table game.

(vii) Adopt policies or procedures to prohibit any table-game equipment from being possessed, maintained or exhibited by any person on the premises of a table-game retailer's facility except in the areas of such facility where the conduct of table games is authorized or in a restricted area designated to be used for the inspection, service, repair or storage of table-game equipment by the table-game retailer or in an area used for employee training and instruction by the table-game retailer.

(viii) Ensure that drop boxes are brought into or removed from an area where table games are conducted or locked or unlocked in accordance with procedures established by the Division.

(ix) Designate secure locations for the inspection, service, repair or storage of table-game equipment and for employee training and instruction to be approved by the Division.

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

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

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

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

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

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

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

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

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

(b) The Division shall promulgate the table-game regulations authorized by this section on or before March 31, 2013.

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

(d) The table-game retailer shall provide secure, segregated facilities as required by the Division on the premises for the exclusive use of the Lottery staff and the State Police. Such space shall be located proximate to the gaming floor and shall include surveillance equipment, monitors with full camera control capability, as well as other office equipment that may be deemed necessary by the Division. The location and size of the space shall be subject to the approval of the Division.

(e) In addition to the powers and duties of the Division director in this section and those under §§ 42-61-4, 42-61.2-3 and 42-61.2-4, and pursuant to §§ 42-61.2-2.1 and 42-61.2- 2.2, the Division director shall promulgate reasonable rules and regulations relating to state-operated iGaming and set policy for such gaming. Such rules and regulations shall include, but not be limited to:

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

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

(ii) Terms and conditions for iGaming;

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

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

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

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

(3) Requiring the iGaming platform vendor to provide written information prominently 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.

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

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

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

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

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

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

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

(6) In compliance with the provisions of chapter 2 of title 37, enter into contracts for the provision of server-based gaming systems, facilities, and related technology necessary or desirable for state-operated iGaming;

(7) Notwithstanding any provisions of the general laws or regulations adopted thereunder to the contrary, including, without limitation, the provisions of chapter 2 of title 37, chapter 61 of title 42, and chapter 64 of title 42, enter into a contract with the iGaming game vendor pursuant to which the iGaming game vendor will be the exclusive provider of online slot games and online table games to the Division, such online slot games and online table games being games owned or licensed by an owner of the iGaming game vendor (or by an entity controlling, controlled by or under common control with such owner) or games owned or licensed by a third party, that (in either case) are licensed to the iGaming game vendor for sublicense to the Division; and

~~(6)~~(8) Certify monthly to the budget officer, the auditor general, the permanent joint committee on state lottery, and to the governor a full and complete statement of lottery revenues, prize disbursements, and other expenses for the preceding month; ensure that monthly financial reports are prepared providing gross monthly revenues, prize disbursements, other expenses, and net income for keno and for all other lottery operations; submit this report to the state budget officer, the auditor general, the permanent joint committee on state lottery, the legislative fiscal advisors, and the governor no later than the twentieth business day following the close of the month; at the end of each fiscal year the director shall submit an annual report based upon an accrual system of accounting that shall include a full and complete statement of lottery revenues, prize disbursements, and expenses, to the governor and the general assembly, which report shall be a public document and shall be filed with the secretary of state. The monthly report shall be prepared in a manner prescribed by the members of the revenue estimating conference.

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

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

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

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

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

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

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

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

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

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

~~(c)~~(d) The provisions of §§ 41-9-4 and 41-9-6 shall not apply to this chapter, and the

provisions of this chapter shall take precedence over any local ordinances to the contrary. It is specifically acknowledged that the installation, operation, and use of video lottery terminals by a 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. 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. 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.

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

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

SECTION 2. Chapter 42-61.2 of the General Laws entitled "Video Lottery Games, Table Games and Sports Wagering" is hereby amended by adding thereto the following sections:

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, fifty percent (50%) of online slot gaming revenue;

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

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

(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, eighteen percent (18%) of online table gaming revenue;

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

(3) To the state's authorized iGaming game vendor, forty-seven percent (47%) of online table gaming revenue.

(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) Geolocation technology shall be used in connection with iGaming 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 geolocation technology 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 any other hardware, software, and other 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.

(d) 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 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 is a party that is not inconsistent with federal law.

(b) The Division may enter into an interactive gaming reciprocal agreement with a regulatory agency of one or more other states or jurisdictions in which interactive gaming is authorized to allow an interactive gaming operator to accept wagers from persons not physically present in Rhode Island, and to allow persons physically present in Rhode Island to place wagers with parties to the interactive gaming reciprocal agreement, if the reciprocal agreement is not inconsistent with federal law and is approved by the governor.

SECTION 3. This act shall take effect on January 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

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This act would legalize iGaming by patrons located in the State of Rhode Island.

This act would take effect on January 1, 2024.

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