It is enacted by the General Assembly as follows:

SECTION 1. Chapter 3-7 of the General Laws entitled "Retail Licenses" is hereby amended by adding thereto the following section:

3-7-7.8. Betting parlor license - Class B-BP.

(a) A Class B-BP license shall be issued only to a holder of a sports gaming license or to holders of a Class B-V license who have entered into a partnership or licensing agreement with a holder of a sports gaming license, or a licensing agreement with the Rhode Island lottery to offer sports betting using their platform. A Class B-BP license shall not be required of anyone holding a Class B-C license.

(b) The license authorizes the holder to keep for sale and sell beverages, including beer in cans, at retail at the place described and to deliver them for consumption on the premises or place where sold. It also authorizes the charging of an admission to events at the gaming and entertainment facility.

(c) The license authorizes the holder to sell and serve alcoholic beverages between the hours of six o'clock (6:00) a.m. and two o'clock (2:00) a.m. on Fridays, Saturdays, and nights before federal and state legally recognized holidays. The fee for a Class B-BP license shall be two thousand five hundred dollars ($2,500).

(d) The applicant for a Class B-BP license shall submit the following to its host municipality:

(1) The applicant holds a valid and enforceable Class B-V license that is in good standing
or, in the case of a new business, meets the criteria necessary to hold a Class B-V license.

(2) The applicant possesses a gaming license or its application for a license has been conditionally approved by the department.

(e) In the event that the host municipality grants a Class B-BP license, the licensee shall exchange its existing Class B-V license for the Class B-BP license.

(f) Upon receipt of the proper permits from the local licensing board, holders of Class B-BP licenses are permitted to have dances, entertainment, and food service within the licensed premises to be conducted during the hours permitted for sale and service of alcoholic beverages.

(g) Notwithstanding any provisions in the department of business regulation liquor control administration regulations, rule 18, it shall be lawful for the holder of a Class B-BP license to permit the consumption of alcoholic beverages at any time as long as the subject alcoholic beverage was purchased during legal service hours.

(h) To the extent that there is no conflict with the provisions of § 3-7-7.8, the provisions of § 3-7-7 shall apply to a holder of a Class B-BP license.

SECTION 2. Title 41 of the General Laws entitled "SPORTS, RACING, AND ATHLETICS" is hereby amended by adding thereto the following chapter:

CHAPTER 12

SPORTS BETTING

41-12-1. Definitions.

As used in this chapter, the following words shall have the following meanings.

(1) "Account holder" means a person having money held in account for the purpose of making wagers and having its cost deducted and any winnings deposited.

(2) "Agent" means a person engaged by a licensed operator or an applicant for a license, for the purposes of representing their interests before administrative agencies or boards, judicial courts of the state, or any lobbying activities.

(3) "Annual gross gambling yield" (AGGY) means the total of all money paid to the licensee as bets minus the amount paid out for winning wagers over a one year period determined by the department of business regulation.

(4) "Authorized site" means an Internet site operated by a licensed operator for the purpose of offering contests authorized by this chapter.

(5) "Bet" or "wager" means to risk money on the unknown result of an event with the hope of making more money.

(6) "Betting" means making or accepting a bet on the outcome of a race, competition or other event or process; the likelihood of anything occurring or not occurring; or whether anything
is or is not true, and includes pool betting.

(7) "Betting parlor" means and includes any physical location, licensed by the state, to accept wagers placed on sporting or other events.

(8) "Betting service" means a service for the placing, making, receiving or acceptance of bets and may include the services of a betting exchange (as well as direct service providers).

(9) "Bond" means a bond or other writing held in escrow for the purpose of maintaining adequate reserves to account for losses suffered by the licensees and owed to persons covered by this chapter.

(10) "Cheating" means improving the chances of winning or of altering the outcome by deception, interference or manipulation of a game or of any equipment (including software pertaining to or used in relation to the equipment), used for or in connection with the game or event on which bets are placed or are invited, and includes attempts and conspiracy to cheat.

(11) "Director" means the director of the department of business regulation.

(12) "Department" means the department of business regulation.

(13) "Electronic means" means the use of the Internet or other method of transmitting information not in person.

(14) "Employee" means all traditional and non-traditional employees including independent contractors performing work or other tasks at the direction or on behalf of the principals or key employees in the furtherance of their business interests in this chapter.

(15) "Entity" means any person, firm, partnership, association or corporation having or applying for a license to operate or offer contests authorized by this chapter.

(16) "Event" means any real-word sporting event or other occurrence whose result is unknown and is used as the basis for making a wager under this chapter.

(17) "Fixed odds betting" means bets made at pre-determined odds or spread whereby the return to the player will be unaffected by any later fluctuation in odds.

(18) "Future bet" means a wager made on the occurrence of an event in the future, for the purposes of this chapter future bets also include any wager involving a field of choices that is not part of a pari-mutuel or pool bet.

(19) "Gaming service" means any service that is required for or comprises any component of the activities of gaming and may be provided by an intermediary.

(20) "Host" means an entity licensed and operating an authorized site.

(21) "Key employee" means a person having the authority to act on behalf of a licensed operator, or any person, firms, partnerships, associations, or corporations in the process of applying for a license authorized by this chapter and whose judgment is being relied on to
manage and advance the business operations. A principal may be a key employee if the

circumstances so warrant.

(22) "License" means a grant by the state to offer the opportunity to accept wagers on
events not prohibited by law.

(23) "Licensee" or "licensed operator" means any person, firm, partnership, association or
corporation licensed and authorized to accept wagers under the provisions of this chapter.

(24) "Live betting" means and refers to a type of wager that is placed after the event
being wagered on has commenced and whose odds on events occurring are adjusted in real time.
Live betting does not include wagers made between quarters, halves or periods of games where
the outcome of the event being wagered on is related only to the quarter, half or period that has
not yet commenced.

(25) "Money line" means the fixed odds in relation to a dollar amount that a team or
person will win outright, regardless of the spread.

(26) "Minor" means an individual who is less than eighteen (18) years old.

(27) "Occupational license" means a licensing requirement deemed necessary by the
department to protect consumers or residents of the state or otherwise affects the faith and
trustworthiness of the wagers being offered under this chapter.

(28) "Pari-mutuel betting" or "pool betting" means a type of bet in which all wagers on a
particular occurrence are pooled and winnings are paid in accordance with the size of the pool
and the number of winners.

(29) "Parlay bet" means a single bet that links together two (2) or more individual wagers
in which winnings accruing from each transaction are used as a stake for a further bet and is
dependent on all of those wagers winning together.

(30) "Principal" means any person having more than five percent (5%) ownership interest
in, or any officer of an entity licensed or applying for a license to offer contests authorized under
this chapter.

(31) "Proposition bet" means a wager made regarding the occurrence or non-occurrence
during a game or event not affecting the event's final outcome.

(32) "Real-world sporting event" means a scheduled sporting event whose outcome is
unknown and is determined by events or occurrences of persons who physically competed in the
event and is the basis of a wager under this chapter.

(33) "Real-world team" means a team that competes in scheduled sporting events against
other teams and whose roster or members are readily identifiable by the public.

(34) "Record" means a document, or an object, in any form (including any electronic
form) that is, has been or ought to have been, kept by reason of: any information or matter that it contains or that can be obtained from it; or its connection with any event, person, circumstance or thing.

(35) "Regulated worker" means any person working or contracted on behalf of the licensee, who the state has determined must pass a background check and be licensed.

(36) "Remote communication" means communication using: the Internet, telephone, television, radio, or any other kind of electronic or other technology for facilitating communication.

(37) "Remote gambling" means gambling in which persons participate by the use of remote communication.

(38) "Resident" means, for the purposes of this chapter, a person who primarily resides in the state, a student attending a school of higher or lower education in the state who has a substantial connection to the state, or for the purposes of gaming under this chapter any person located within the boundaries of the state at the time they place a wager as described in this chapter.

(39) "Self-exclusion" means the process that allows a person to voluntarily request that they not be allowed at a place that allows gambling or to otherwise be allowed to place a wager in person or remotely.

(40) "Spread betting" is a form of gambling in which stakes are placed not on the results of contests but on the difference in the number of points scored between persons or teams. Winnings and losses are calculated according to the accuracy or inaccuracy of the prediction.

(41) "Straight bet" means a singular wager using a point spread to determine the winner of an event between two (2) persons or teams.

(42) "Transaction" means and includes both the initial cost of placing a wager and any winnings resulting from a wager.

(43) "Vendors" mean and includes all contractors, subcontractors, independent contractors and other non-traditional employees hired or contracted by the licensee for the purpose of furthering their business.

(44) "Wager" or "bet" means to risk money on the unknown result of an event with the hope of making more money.

41-12-2. Certain activities permitted.

(a) Within the department of business regulation there shall be a division of sports betting. The division shall supervise the enforcement of all laws relating to the regulation and control of sports betting. The division shall exercise all powers and duties prescribed by this
chapter and all other acts relative to the licensing and regulation of sports betting, including, but
not limited to, promulgating those rules and regulations it deems necessary to protect the integrity
of the activities prescribed in this chapter.

(b) The department of business regulation may permit a holder of a sports betting license
to offer and accept wagers within and without this state; provided, that those licensees without a
physical presence in the state and accepting wagers remotely from residents or persons located
within the state at the time the wager was placed agree to be subject to the jurisdiction of the state
as provided for in this chapter.

41-12-3. Licenses issued by department of business regulation.

(a) The right, power, and jurisdiction to issue sports betting licenses are vested solely in
the department of business regulation; provided, that before the department issues any license for
a betting parlor, it shall first receive the approval of the licensing authority of the town or city in
which the premises covered by the license are located; and, provided further, that the number of
licenses for betting parlors in the state shall be limited to nine (9) of which:

(1) One license is available to each of the five (5) counties;

(2) One license is to be provided to any casino licensed and in operation in the state
before November 6, 2018;

(3) Additional licenses are to be made available to any of the counties for each additional
one hundred and fifty thousand (150,000) inhabitants as determined by the latest census taken
under the authority of the United States or of this state; and

(4) No more than one license per city or town.

(b) Notwithstanding the provisions of this section or any general or special law to the
contrary, no city or town shall restrict the holder of an operational betting license from areas
already zoned for the size and type of business that may be proposed.

41-12-4. Licenses - types.

Notwithstanding gambling facilities licensed by the state before November 6, 2018, the
department of business regulation shall establish a number of license classifications it deems
necessary to effect the purposes of this chapter. Such classification of licenses for sports betting
shall include, but not be limited to:

(1) An operational betting license regulating the wagering activities offered within and
without the state by remote means and the ancillary operations supporting such business
including, but not limited to, customer service, computer operators, technical help and
supervisory staff;

(2) A remote betting license regulating wagering activities offered to residents of the state
and those persons physically located within the state's boundaries at the time they place their wagers by telephonic and other electronic means;

(3) A betting parlor license regulating operations offering wagering activities, with a physical presence in the state approved by the hosting community and licensed to sell alcoholic beverages and further classified by:

(i) Those entities that have an ownership interest in both the licensed premises and the sports betting license;

(ii) Those entities that have an ownership interest in the licensed premises and are in partnership with the holder of the sports betting license;

(iii) Those entities that have an ownership interest in the licensed premises and have licensing agreements in place to use the platform provided by the holder of the sports license; and

(iv) Those entities that have an ownership interest in the licensed premises and have a licensing agreement in place with the Rhode Island lottery;

(4) A betting premises' license regulating operations offering wagering activities governed by this chapter, with a physical presence in the state approved by the hosting community and with no license to sell alcoholic beverages.

41-12-5. Licenses - fees.

Notwithstanding any gambling facility licensed by the state before November 6, 2018, the department of business regulation shall establish fees for each classification of license granted for sports betting as provided for in § 41-12-4.

(1) Operational betting license. There is hereby established a yearly licensing fee for the holders of operational betting licenses based on the licensees' annual gross gambling yield (AGGY) on remote wagers regulated by this chapter in the previous year and does not include any wagers placed at a physical location in which the operator may have an additional business interest.

(i) If AGGY is: The annual licensing fee is:

| Less than $10,000,000 | $50,000 |
| More than $10,000,000 | $100,000 |
| but less than $50,000,000 | |
| More than $50,000,000 | $150,000 |
| but less than $100,000,000 | |
| More than $100,000,000 | $250,000 |
| but less than $250,000,000 | |
| More than $250,000,000 | $500,000 |
(ii) Upon the issuance of an operational betting license, the licensee shall pay one hundred thousand dollars ($100,000) towards the first year's annual fee with a remainder due after an accounting of the annual gross gambling yield and based upon the fee structure provided for in this section.

(iii) The licensing fee established in this subsection is in addition to any other fee established by this or any other chapter.

(2) Remote betting license. There is hereby established a yearly licensing fee for the holders of remote operating licenses based on the licensees' annual gross gambling yield (AGGY) on remote wagers regulated by this chapter in the previous year and does not include any wagers placed at a physical location in which the operator may have an additional business interest.

(i) If AGGY is:

<table>
<thead>
<tr>
<th>AGGY Range</th>
<th>Annual Licensing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>More than $1,000,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>but less than $5,000,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>More than $5,000,000</td>
<td>$75,000</td>
</tr>
<tr>
<td>but less than $15,000,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>More than $15,000,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>but less than $50,000,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>More than $50,000,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

(ii) Upon the issuance of a remote operating license, the licensee shall pay forty thousand dollars ($40,000) towards the first year's annual fee with a remainder due after an accounting of the annual gross gambling yield and based upon the fee structure provided for in this section.

(iii) The licensing fee established in this subsection is in addition to any other fee established by this or any other chapter.

(3) Betting parlor license. There is hereby established a yearly licensing fee for the holders of a license to operate a betting parlor based on the annual gross gambling yield (AGGY) of wagers regulated by this chapter in the previous year and placed at the physical location of the licensee.

(i) If AGGY is:

<table>
<thead>
<tr>
<th>AGGY Range</th>
<th>Annual Licensing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>More than $1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>but less than $5,000,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>More than $5,000,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

(ii) Upon the issuance of a betting parlor license, the licensee shall pay five thousand
dollars ($5,000) towards the first year’s annual fee with a remainder due after an accounting of the
annual gross gambling yield and based upon the fee structure provided for in this section.

(iii) The licensing fee established in this subsection shall be shared equally between the
state and the hosting community and is in addition to any other fee established by this or any
other chapter.

(iv) Notwithstanding the holding of any other gaming license by the holder of a license to
operate a betting parlor and regardless if the account was set up at the physical location where
this fee is being applied, the calculation of the annual gross gambling yield used to establish the
licensing fee does not include wagers placed remotely.

(4) Betting premises license. There is hereby established a yearly licensing fee for the
holders of a license to operate a betting parlor premises on the annual gross gambling yield
(AGGY) of wagers regulated by this chapter in the previous year and placed at the physical
location of the licensee.

(i) If AGGY is:

<table>
<thead>
<tr>
<th>AGGY Range</th>
<th>Annual Licensing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1,000,000</td>
<td>$2,500</td>
</tr>
<tr>
<td>More than $1,000,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>but less than $5,000,000</td>
<td></td>
</tr>
<tr>
<td>More than $5,000,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

(ii) Upon the issuance of a betting premises license, the licensee shall pay five thousand
dollars ($5,000) towards the first year’s annual fee with a remainder due after an accounting of the
annual gross gambling yield and based upon the fee structure provided for in this section.

(iii) The licensing fee established in this subsection shall be shared equally between the
state and the hosting community and is in addition to any other fee established by this or any
other chapter.

(iv) Notwithstanding the holding of any other gaming license by the holder of a license to
operate a betting premises and regardless if the account was set up at the physical location where
this fee is being applied, the calculation of the annual gross gambling yield used to establish the
licensing fee does not include wagers placed remotely.

41-12-6. Restrictions and penalties.

(a) Any person, firm, partnership, association or corporation that accepts wagers as
described by this chapter and is not licensed by the department or otherwise licensed by another
state, territory or country, shall be fined one thousand dollars ($1,000) for each transaction arising
out of contacts with persons physically located in Rhode Island at the time of the transaction and
the matter shall be referred to the office of the attorney general.
(b)(1) Any person, firm, partnership, association or corporation that accepts wagers as described by this chapter and is not licensed by the department, but is otherwise licensed by another state, territory or country, shall be fined one thousand dollars ($1,000) for each transaction arising out of contacts with persons physically located in Rhode Island at the time of the transaction and be required to become licensed under the provisions of this chapter or have the matter referred to the office of attorney general.

(c) In any prosecution under the laws of this state, it shall be an irrebuttable presumption that any person, firm, partnership, association or corporation accepting wagers authorized by this chapter without the proper licensing knowingly participated in gambling activities.

41-12-7. Licensees - qualifications.

(a) No license shall be issued, granted, renewed, or transferred to any trust or trustee or to any corporation of which any share or shares of stock or other indicia of ownership or control are owned or held by any trust, or trustee, business organization, or other entity or person other than a natural person or corporation authorized by the secretary of state to transact business in this state and with a physical presence in the United States.

(b) No persons, firms, partnerships, associations, or corporations having an ownership interest or is otherwise responsible as the governing body of a team, league or otherwise having a business or personal connection to the outcome of the events being wagered on may be licensed or have an interest in a business operation provided for in this chapter.

(c) All those corporations holding a sports betting license shall report to the department the name of any newly elected officer or director and the acquisition by any person of more than ten percent (10%) of any class of corporate stock, within thirty (30) days after the election or acquisition. Thereupon, the department or director may call a hearing, at its discretion, to determine whether the new officer, director or stockholder is a suitable person under this section and the board, body or official may revoke or suspend the license if the new officer or director or stockholder is not a suitable person to hold a license.

(d) No person shall acquire fifty percent (50%) or more of any class of the stock of any corporation licensed under this section, except corporations having more than twenty-five (25) stockholders, unless permission for the acquisition is first given by the department. Application for permission to acquire stock is subject to the provisions of § 41-12-16 relating to the transfer of a license to another person except that it shall not be necessary that a new bond be given. Unless the department determines that the person seeking permission to acquire fifty percent (50%) or more of the corporation's stock is a suitable person to hold a license, permission shall not be given.
(e) The sports betting license of a corporation is subject to suspension or revocation for failure to comply with any of the provisions of this section or for any fraud or misrepresentation in connection with the license.

41-12-8. Escrow account.

(a) The department shall determine an appropriate amount and require that before a license is granted that each licensee place a bond in escrow to ensure that there exists adequate reserves to pay off persons covered by this chapter.

(b) After each year's accounting, the department may determine that additional amounts be placed in escrow to support the reserves.

(c) The licensee may maintain the bond at any financial institution licensed and regulated by the state and shall be the beneficiary of any interest earned thereunder.

(d) In any dissolution, the monies owed to account holders covered by this chapter shall be paid out of the escrow account before any taxes or fees owed to the state.

41-12-9. Licensing - application.

(a) All persons, firms, partnerships, associations, or corporations desiring to operate any gaming business authorized by this chapter, shall submit an application for a license to the department of business regulation on such forms and in such a manner as prescribed by regulations of the department, and along with a processing fee of five thousand dollars ($5,000) provide and include:

(1) A list of all of the entity's principals, and for each principal:

   (i) A national criminal records check initiated through the bureau of criminal identification of the department of the attorney general;

   (ii) Information as to financial standing; and

   (iii) All releases and authorizations necessary to facilitate the purpose of this subsection signed by the individual.

(2) A list of all the entity's key employees, and for those key employees:

   (i) A national criminal records check initiated through the bureau of criminal identification of the department of the attorney general that shall include fingerprints submitted to the Federal Bureau of Investigation (FBI);

   (ii) Information as to financial standing; and

   (iii) All releases and authorizations necessary to facilitate the purpose of this subsection signed by the individual.

(3) A list of all persons, corporations or other businesses providing any financing to the applicant and any interest, whether direct or indirect, by any other person, firm or corporation in
the license applied for;

(4) A list of all vendors whose work for or contract with the licensee may affect the
public’s trust in the granting of a license authorized under this chapter;

(5) A list of all vendors whose work for, or contract with the licensee may allow them
access to the private information of participants;

(6) The names of vendors, agents and subcontractors performing work or other activities
on the entity’s behalf in furtherance of operations with connections to the state or as part of its
application for a license; and

(7) Any additional information from the principals and key employees the department
deems will aid in its decision making process as to their: moral character; previous employment;
corporate, partnership or association affiliations; ownership of personal assets; and such other
information necessary to protect the interests of the state and consumers. The department shall
have the right to reject any applications for a license to operate games under this chapter for any
cause, which it may deem sufficient. Applicants aggrieved by a decision or order of the
department shall have the right to an appeal to the department of business regulation pursuant to
chapter 35 of title 42 (the administrative procedures act).

(b) Every applicant and licensee has a continuous obligation to update and forward to the
department information required by subsection (a) of this section as it becomes known to them.

(c) An entity that knowingly fails to self-report its failure to provide an accurate list as
required by subsection (a) of this section, or update its information as required by subsection (b)
of this section shall have its license application denied.

(d) The department shall reject any application for a license under this chapter if any of
the principals or key employees listed in the application are found to have disqualifying
information as provided for in § 42-12-12. The department shall refuse to reconsider the entity’s
application until such time that the department is satisfied that the person whom was disqualified
under § 42-12-12 is no longer a principal or key employee of the entity.

(e) Final action on an application before the department shall not be taken until such time
as the names and addresses of the principals have been made public and a public hearing
scheduled.

(f) Only persons, firms, partnerships, associations, or corporations whose application has
been approved under this section, may contact a community or property owner or otherwise
negotiate, solicit or contract for any business opportunities related to a sports betting license.

(g) Notwithstanding any of the provisions of this section, no approval of an application
by the department shall guarantee the granting of a license.
41-12-10. Licensing of employees.

(a) The department shall establish by regulations occupational licensing requirements for positions it determines may provide employees access to private information provided by bettors or account holders, and any other such persons it determines may affect consumer confidence in the licensee.

(b) Any person required to possess an occupational license as provided for in this section shall submit to a national criminal records check initiated through the bureau of criminal identification of the department of the attorney general that shall include fingerprints submitted to the FBI and be subject to the provisions of § 42-12-12.

(c) The cost of the licensing requirements of this section shall be paid by the entity, and shall include one hundred and fifty percent (150%) of the total salaries and benefits for the state employees engaged in the licensing and regulating of the games authorized by this chapter. The funds shall be deposited as restricted receipts for the use of the state and shall be in addition to any taxes and fees otherwise payable to the state.

(d) All employees regulated under this section shall, upon obtaining the license, maintain upon their person while working an identification badge containing a unique identification number, issued or authorized by the department of business regulation under rules and regulations promulgated by the department.

(e) For employees of the entity there shall be a license fee paid yearly as set forth below:

(1) Key employees - three hundred dollars ($300);
(2) Supervisory or exempt employees - two hundred dollars ($200);
(3) Operation employees who have access to private or personal information - one hundred fifty dollars ($150); and
(4) Service employees or customer service representatives who have contact with participants, but do not have access to private or personal information, one hundred dollars ($100).

41-12-11. Licensing of software companies, independent contractors and employees.

(a) All persons, firms, associations, or corporations employed or contracted by a licensee under this chapter in providing computer and software services involving online wagering and security, shall apply for a license to the department of business regulation upon such forms and in such manner prescribed by regulations of the department, and along with a processing fee of two thousand dollars ($2,000), provide and include:

(1) A list of all of the entity’s principals, and for each principal:

(i) A national criminal records check initiated through the bureau of criminal
identification of the department of the attorney general;

(ii) Information as to financial standing; and

(iii) All releases and authorizations necessary to facilitate the purposes of this subsection

signed by the individual.

(b) All traditional and non-traditional employees working on projects or materials
contracted by the licensee in subsection (a) of this section who may have access to private
information provided by account holders shall be licensed by the department on forms prescribed
by regulations of the department. Any person required to possess an occupational license as
provided for in this subsection shall submit to a national criminal records check initiated through
the bureau of criminal identification of the department of the attorney general that shall include
fingerprints submitted to the FBI and be subject to the provisions of § 42-12-12.

(c) For all persons, firms, associations, or corporations employed or contracted by a
licensed operator and who are not already licensed under § 42-12-5 there shall be a license fee
paid yearly as set forth below:

(1) Software development companies - one thousand dollars ($1,000);

(2) Software engineers or independent contractors - three hundred dollars ($300); and

(3) Computer operators and technicians - one hundred fifty dollars ($150).

(d) All individual applicants for licensing under this section shall be fingerprinted, and,
upon obtaining the license, shall maintain upon their person while working an identification
badge containing a unique identification number, issued or authorized by the department.

41-12-12. Criminal checks – disqualifying information.

(a) Any person required to submit to a criminal background check as provided for in §§
41-12-9 and 41-12-10 shall be disqualified from obtaining the necessary licensure if information
produced by a national criminal records check finds the applicant was convicted of any of the
following crimes:

(1) Murder;

(2) Voluntary manslaughter;

(3) Involuntary manslaughter;

(4) First-degree sexual assault;

(5) Second-degree sexual assault;

(6) Third-degree sexual assault;

(7) Assault on persons sixty (60) years of age or older;

(8) Assault with intent to commit specified felonies (murder, robbery, rape, burglary, or
the abominable and detestable crime against nature):
(9) Felony assault;
(10) First-degree arson;
(11) Robbery;
(12) Felony drug offenses;
(13) Felony obtaining money under false pretenses;
(14) Felony embezzlement, abuse, neglect, and/or exploitation of adults with severe impairments;
(15) Exploitation of elders;
(16) Felony larceny;
(17) Felony banking law violations; or
(18) A crime involving gambling activities or fraud.

(b) Information produced by a national criminal records check pertaining to convictions for crimes other than those listed in subsection (a) of this section shall entitle the department to decline to license the applicant if the department makes a good faith determination based on the information it has that the applicant would pose a risk that might affect the public’s faith in the operation, or the private information of the participants.

(c) For purposes of this section, “conviction” means, in addition to judgments of conviction entered by a court subsequent to a finding of guilty or a plea of guilty, those instances where the defendant has entered a plea of nolo contendere and has received a sentence of probation and those instances where a defendant has entered into a deferred sentence agreement with the attorney general.

(d) Persons licensed under this chapter shall have a continuous duty to inform the department and their employer of any change of status to any information that may disqualify them from being licensed.

(e) At the conclusion of any background check required by this chapter, the state police or the local police department will promptly destroy the fingerprint card of the applicant.

41-12-13. Duty to maintain employee and other records.
(a) Each licensed operator shall keep a list of all persons licensed under this chapter whom they employ, hire, or contract with, at their physical office, any place where records subject to inspection under this chapter are kept, and at the physical location of any building or office where those persons licensed normally work.

(b) Each list required under this section shall include the full name, license number and expiration date of the license as well as any other information the department deems appropriate.

(c) As part of its responsibility to maintain records each entity shall have and keep on a
form provided by the department a statement attested to by each person holding a license that in
the period since their background check they have not been convicted of a crime provided for in §
41-12-12.

41-12-14. License suspension and revocation - violations.
(a) The department may suspend or revoke the license of any entity offering odds and
accepting wagers under this chapter for a singular or cumulative violation of the provisions of this
chapter, if the department in its judgment determines that these violation(s) indicate a lack of
trustworthiness on the part of the licensee or may otherwise negatively affect the people of the
state.
(b) Licensees aggrieved by a decision or order of the department under this section shall
have the right to an appeal pursuant to chapter 35 of title 42 (the administrative procedures act).

41-12-15. Revocation of license - convictions.
(a) If any licensed person or principal is subsequently convicted of any of the following
crimes: murder, voluntary manslaughter, involuntary manslaughter, first-degree sexual assault,
second-degree sexual assault, third-degree sexual assault, assault on persons sixty (60) years of
age or older, assault with intent to commit specified felonies (murder, robbery, rape, burglary, or
the abominable and detestable crime against nature), felony assault, first-degree arson, robbery,
felony drug offenses, felony obtaining money under false pretenses, felony embezzlement, abuse,
neglect, and/or exploitation of adults with severe impairments, exploitation of elders, felony
larceny, felony banking law violations, or a crime involving gambling activities or fraud, their
license shall be revoked and their interest transferred.
(b) For purposes of this section, "conviction" means, in addition to judgments of
conviction entered by a court subsequent to a finding of guilty or a plea of guilty, those instances
where the defendant has entered a plea of nolo contendere and has received a sentence of
probation and those instances where a defendant has entered into a deferred sentence agreement
with the attorney general.

41-12-16. Transfer of license.
(a) The department shall permit the license to be transferred among persons holding an
interest in the same license without restriction; provided, that if the license is intended to be
transferred to persons or entity without an existing interest in the license, the department shall,
before permitting the transfer, give notice of the application for the transfer in the same manner as
is provided in this chapter in the case of original application for the license, and a new bond shall
be given upon the issuance of the license.
(b) In all cases of transfer of license, indebtedness of the licensee incurred in the
operation of the licensed premises shall be paid to or released by an objecting creditor before the
issuing body permits the transfer. In cases of dispute as to the amount of indebtedness, the issuing
body, may, in its discretion, permit the transfer upon statement of the licensee, under oath, that
the claim of indebtedness is disputed and that the statement of dispute is not interposed for the
purpose of inducing transfer of the license. No creditor is allowed to object to the transfer of a
license by a receiver, trustee in bankruptcy, assignee for the benefit of creditors, executor,
administrator, and guardian or by any public officer under judicial process. In case of the death of
any licensee, the license becomes part of the personal estate of the deceased, but interest in the
license shall not pass except as provided in subsection (a) of this section.

(c) The transfer of a license is contingent upon the full payment of any outstanding debt
owed the state or municipality.

(d) The transferee of a license assumes all penalties that the license board has imposed
upon the transferor of the license.

41-12-17. Prohibition against assignment or leasing of license.

(a) The holder of a license issued pursuant to this title shall not assign, rent, lease or let
the license without the approval of the department but may transfer their interest only as provided
in § 14-12-16(a).

41-12-18. Licensing agreements.

Notwithstanding the prohibitions set forth in § 41-12-17, the department shall promulgate
those rules and regulations necessary to allow persons or entities whose application has been
approved or is already licensed under this chapter to form a partnership or otherwise enter into a
licensing agreement for the purpose of furthering their business.

41-12-19. Online wagering.

(a) Before any resident of the state opens an account with a licensed operator and places a
wager online, they must attest that they are eighteen (18) years of age or older and that their name
does not appear on any self-exclusion list.

(1) Nothing within this section shall restrict the licensee from taking any legal measures it
deems necessary to ensure that all participants are the legal age, including, but not limited to,
requiring that participants to provide the licensee a signed and notarized document attesting to
their age.

(2) For the purposes of this section, any minor who attests to being of proper age or any
other person who signs in place of a notary for the purpose of proving eligibility to playing a
game under this chapter shall be guilty of filing a false document pursuant to § 11-18-1.

(b) Each person desiring to open an account for the purpose of placing a wager online, by
telephonic or other electronic means shall provide to the licensee:

1. A physical address not a post office box;
2. A phone number;
3. A unique user name;
4. A bank account, in their own name, and routing number to transact with;
5. Social security number; and
6. An active email account.

(c) Persons are limited to one account and one unique user name for each authorized site they join. Licensees shall take all reasonable and necessary steps to ensure that participants only have one account.

41-12-20. Protection of private information.

(a) The licensee shall, in addition to any requirement of federal or state law on data security, take all other additional steps necessary to protect the private information of its players as is the standard in the industry.

(b) The licensee shall maintain an adequate level of insurance as determined by the department to protect against any harm caused by the release of any account holder's private information.

41-12-21. Funds on account.

(a) The funding of an account shall be limited to cash transactions. For the purpose of this chapter, cash transaction means and includes:

1. Cash, deposited at a physical location of the licensee;
2. Electronic bank transfer (EBT) of funds;
3. Western Union or other telegraphic transfer requiring cash to initiate the transaction;

and

4. Any other method approved by rule or regulation by the department that can be funded only by cash and not by credit.

(b) Monies or credits deposited or owed to a player remain the property of the player until such time their value is withdrawn in part or in whole by check or electronic transfer, or any portion thereof is deducted from the account as part of a separate and distinct wager.

(c) It is the responsibility of the licensee who holds these funds in trust, to ensure that all appropriate safeguards and accounting measures are in place to:

1. Prevent co-mingling of an account holder's monies or credits with the funds or accounts of the licensee or other account holders; and
2. Prevent unauthorized withdrawals from within and without the operations.
41-12-22. Prohibition on extension of credit.
No licensee, not already in operation before November 6, 2018, shall offer or accept the extension of credit to a bettor or account holder who is a resident of the state or is physically located within its boundaries.

41-12-23. Transaction - records.
For every deposit or withdrawal made to an account, or transaction between the host and account holder, the host shall confirm such activity by email or other means agreed to by the account holder.

41-12-24. Wagers - prohibited.
Sports wagering shall be prohibited in connection with any collegiate sports or 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.

41-12-25. Wagers – persons prohibited.
(a) No person participating actively or having the ability to affect the outcome of the real-world sporting event shall be allowed to place a wager on the outcome of that event.

(b) Any licensee who knowingly accepts a wager from a person prohibited from wagering on an event as described in subsection (a) of this section, shall have their license revoked after a hearing held in accordance with chapter 35 of title 42 (the administrative procedures act).

41-12-26. Minors prohibited.
(a) No minor shall be allowed entrance to that part of a licensed facility where the offering of odds and wagering occur.

(b) No licensee shall knowingly or negligently permit any minor to wager on an event authorized by this chapter.

(c) It shall not be an absolute defense that a minor self-reported as being over eighteen years of age for the purpose of opening an account and wagering by telephonic or other electronic means under this chapter.

(d)(1) Upon notification by a parent or guardian that their minor child has a registered account, the licensee shall return immediately to the parent or guardian the amount presently in the account that combined with withdrawals already made does not exceed the total amount of deposits made by the minor.

(2) After a hearing is held in accordance with chapter 35 of title 42 (the administrative procedures act), the department may, if it determines the licensee did not take adequate steps to prove the identity of a minor, direct the licensee to return to the parents or guardian all the
deposits made by the minor along with the remainder of the account.

41-12-27. Odds - fixed.
(a) Unless a wager is part of a pari-mutuel or other type of pool betting, the odds offered and the amount to be paid on the result of an event or series of events shall be fixed and certain and made available in advance of a wager being placed in clear and concise language.
(b) Upon the placing of a wager, unless the wager is part of a pari-mutuel pool, the bettor shall be provided with a ticket or other record approved by the department confirming the wager and describing the amount risked and the amount to be paid for correctly wagering on the result of an event or series of events.

41-12-28. Wagers - generally.
Notwithstanding wagers prohibited by §§ 41-12-25 or 41-12-26 or otherwise procured by unlawful means or through cheating, each wager shall be treated as an enforceable contract.

41-12-29. Wagers - types.
The department of business regulation is authorized by rule or regulation to determine the type of wagers that shall not be offered under this chapter because they are against public policy or are otherwise unfair to consumers.

1. If the department has a good faith basis for determining that a wager being offered under this chapter is against public policy or is unfair to consumers but is not prohibited by rule or regulation, it may enjoin the licensee from offering such wager until a hearing is held, as soon as practicable, before the department.

2. Licensees aggrieved by a decision or order of the department under this section shall have the right to an appeal pursuant to chapter 35 of title 42 (the administrative procedures act).

41-12-30. Transaction fees.
Each licensee offering odds and accepting wagers under this chapter shall pay to the state, and there is hereby imposed a transaction fee computed at one percent (1%) of the total money exchanged, whether that exchange occurs as part of the wager or as payment for selecting the correct outcome of events. For the purpose of this section, "transaction" does not include depositing or withdrawing funds from an account used to wager.

41-12-31. Taxes.
Any winning payments made to residents or persons who were physically located in the state at the time the wager was placed shall be taxed at a rate determined by the type of wager made.

<table>
<thead>
<tr>
<th>Type of wagers</th>
<th>Tax on winning wager</th>
</tr>
</thead>
<tbody>
<tr>
<td>For straight spread bets</td>
<td>One percent (1%)</td>
</tr>
</tbody>
</table>
made on the occurrence of a singular event between two (2) persons or teams.

For money line or fixed odds bets made on the occurrence of a singular event between two (2) persons or teams.

For live betting.

For future bets

For parlays of spread or money-line bets

For proposition bets.

41-12-32. Accounting system - supervision.

The department shall devise a system of accounting to provide for all transactions involving wagers covered by this chapter and shall have the right of inspection in a manner to ensure that the rights of the state are protected, and shall collect all fees and licenses under such rules and regulations as it shall prescribe.

41-12-33. Entry of premises for inspection.

The department may authorize its employees or duly authorized deputies to enter upon the premises of any facility, within or without the state, utilized by the licensee to operate activities covered by this chapter, for the purpose of inspecting books and records kept as required by the chapter, or to make any other inspection of the premises necessary to protect the interests of the state and its consumers.

41-12-34. Payments to the state.

Each licensee shall pay quarterly to the state, for deposit in the general fund, all transaction fees and taxes withheld by it in the previous quarter.

41-12-35. Collection of taxes – interest on delinquencies – failure to pay on demand.

The tax administrator shall assess and collect the taxes and fees imposed by this chapter under such rules and regulations as the administrator may prescribe. All taxes and fees hereby imposed shall be due and payable at the time required by this section. Any tax or fee not paid upon demand of the tax administrator shall bear interest at the rate of six percent (6%) per annum from the time of the demand. Failure to pay any tax or fee upon demand shall be cause for revocation of a license.

41-12-36. Obstruction.

Any person who hinders or obstructs an officer or agent of the state from entering any place mentioned in this chapter is, upon conviction, guilty of obstructing an officer and liable to the penalty imposed in § 11-32-1.
41-12-37. Advertising - prohibited.

(a) No licensee shall directly or indirectly advertise or promote activities offered or authorized by this chapter towards minors. Such prohibitions shall extend to all public or private schools of higher or lower education, amateur, school or college sporting venues or other places where a significant number of the guests or audience members will be minors.

(b) The department shall investigate on its own or by complaint any advertising that a reasonable person would believe is targeted towards minors. If the department determines that the advertising is being targeted towards minors in violation of this section, it shall require that the advertising stop or be removed.

(c) An entity wishing to challenge a restriction placed on its advertising may request a hearing on the matter pursuant to chapter 35 of title 42 (the administrative procedures act).

(d) Nothing in this section shall prohibit any organization, public or private, from determining on their own to refuse or restrict advertisements offered by licensees on their premises or within their control.

41-12-38. Jurisdiction.

(a) Notwithstanding the physical location of the licensee, for the purposes of this chapter any activity involving an account set up by a resident of the state or a wager placed by a person physically located within the boundaries of the state is deemed to have occurred in the state.

(b) All cases or matters not subject to the provisions of chapter 35 of title 42 (the administrative procedures act) shall be subject to a Rhode Island state court with appropriate jurisdiction and such matters shall be determined under the general laws of the state without the conflict of law provisions therein.

(c)(1) In exchange and consideration for being granted a license to offer odds and accept wagers within the state, licensees are subject to the jurisdiction and laws of the state in all matters related to their dealings with any resident or instrumentality of the state with regards to those wagers authorized by this chapter.

(2) For the purposes of protecting the interests of the state and its citizenry, the jurisdiction of the state extends to the physical location of the place the licensee maintains the records and other materials required by this chapter to be made available for inspection.

41-12-39. Settlement of disputes.

(a) The director shall promulgate rules and regulations necessary to establish a "settlement office" within the department for the purpose of resolving disputes arising between licensees and bettors in a quick and equitable manner as provided for by rule or regulation.

(b) The settlement office shall have the further responsibility of tracking, by licensee, the
complaints made to the office along with a brief description of the type of complaint and a
general description of their resolutions and report the findings at least annually to the general
assembly. After the report is received by the general assembly, the department shall make an
electronic version available on its website to provide consumers with information necessary to
make informed decisions.

(c) If at the time during processing of complaints, the office becomes aware or has a
reasonable suspicion about the solvency of any licensee through an increased number of
complaints for non-payment, the office shall forward those suspicions immediately to the office
of the attorney general and the general assembly.

(d) The office shall be funded by the licensee and the positions filled only to the extent
necessary to accomplish the goals herein.

(e) Nothing shall prohibit a party not satisfied by the resolution proposed by the
settlement office from asserting a right or a claim in a court of proper jurisdiction.

41-12-40. Duties of attorney general.

It shall be mandatory upon the attorney general to prosecute all civil and criminal cases
which shall be referred by the director to the attorney general. It shall be the duty of the
department of attorney general to prosecute actions, both civil and criminal, for those violations
of this chapter that come to its knowledge and to independently enforce the provisions of this
chapter.

41-12-41. Self-exclusion.

The department shall develop and provide to each licensee a method for persons to
voluntarily exclude themselves from gambling activities and to place their name in a department
maintained register of self-excluded persons.

SECTION 3. Title 41 of the General Laws entitled "SPORTS, RACING, AND
ATHLETICS" is hereby amended by adding thereto the following chapter:

CHAPTER 13
SPORTS BETTING - LOCAL LICENSING

41-13-1. Local option – Questions put to electors.

(a) Before a betting parlor may be located in any town or city, the town council of the
town or the city council of the city shall pass a resolution to allow a referendum to be placed on
the ballot at the next general election to be submitted to the qualified electors of the town or city,
the following questions:

"Shall licenses for the operation of a betting premises as defined in chapter 12 of title 41,
be issued in this town (or city):"
"Shall a retailer's Class B-BP beverage license provided for in § 3-7-7.8 be issued in this
town (or city)?"

(b) The question shall be submitted by the local board of canvassers to the electors of the
town or city where the facility or activity is to be located, and the results of the election shall be
certified to the secretary of state.

41-13-2. Local licensing.

Upon the approval at referendum, any city or town council, the board of police
commissioners, or in the case of the city of Providence, the bureau of licenses, or any other
licensing board or authority in any city or town may, for any term not exceeding one year, issue a
license for a betting parlor to operate within an area in its respective city or town that live
entertainment is allowed by general or special permit.

(1) Notwithstanding the pre-existence of any license or initial application approval under
§ 41-12-9, each city or town is free to determine which licensee or applicant it grants a license but
may revoke or refuse to renew any such license only upon the grounds that the place presents a
danger to the public health or safety.


(a) In applications for a license to operate a betting parlor before the appropriate city or
town licensing authority, no application shall be taken up until such time that the names and
addresses of principals, key employees and other persons required to submit to a background
check pursuant to § 41-12-12 are provided and made public. No license shall be issued by the city
or town to the corporation unless each officer, director or stockholder is a suitable person to hold
a license within the discretion of the board, body or official to whom application is made.

(b) Before granting a license to operate a betting parlor, the board, body or official to
whom application for the license is made, shall give notice by advertisement published once a
week for at least two (2) weeks in some newspaper published in the city or town where the
applicant proposes to carry on business, or, if there is no newspaper published in the city or town,
then in some newspaper having a general circulation in the city or town. The advertisement shall
contain the name of the applicant and a description by street and number or other plain
designation of the particular location for which the license is requested. Notice of the application
shall also be given, by mail, to all owners of property within two hundred feet (200') of the place
of business seeking the application. The notice shall be given by the board, body or official to
whom the application is made, and the cost of the application shall be borne by the applicant. The
notices shall state that remonstrants are entitled to be heard before the granting of the license, and
shall name the time and place of the hearing. At the time and place of the hearing, a fair
opportunity shall be granted the remonstrants to make their objections before acting upon the
application.

41-13-4. Building inspection as prerequisite to license.

(a)(1) A license shall not be issued under the provisions of this chapter until the building
to be used for which that license is desired, has been inspected by the inspector of buildings
appointed as provided in title 23 and the inspector has filed with the licensing authorities a
certificate, in writing, showing that the building meets, in all respects, the requirements of title 23,
and is otherwise safe to use for the purpose for which the license is desired; and

(2) Until the building has also been inspected by the chief of the respective fire
department or their assistants who shall also file with the licensing authorities a certificate, in
writing, showing that the building meets, in all respects, the requirements of the general and
public laws of this state for the protection of life and property against the menace of fire,

(b) If the building or apparatus does not meet those requirements or is otherwise unsafe,
then the license shall not be issued, and if any license is issued, that license is void.

(c) The city or town council may fix by ordinance a reasonable fee, related directly to the
cost of the inspection and other departmental operations, the amount of fee to be paid by the
licensee to the inspector for inspections made and that fee shall be paid to the city or town
treasurer for the use of the city or town.

41-13-5. Obstruction.

Any person who hinders or obstructs an officer or agent of the city or town from entering
any place mentioned in this chapter is, upon conviction, guilty of obstructing an officer and liable
to the penalty imposed in § 11-32-1.

41-13-6. Expiration date of license.

Every license for the operation of a betting parlor shall expire on December 1 after its
issuance.

41-13-7. Relocation of license.

The board, body or official responsible for approving the location of a betting parlor
license under this chapter may permit the license to be used at any other place within the limits of
the town or city where the license was granted; provided, that the issuing body shall, before
permitting the change, give notice of the application for the relocation in the same manner as is
provided in this chapter in the case of an original application for the license, and a new bond shall
be given upon the issuance of the license.

41-13-8. Transfer of license.

(a) The board, body or official responsible for approving the license shall permit the
license to be transferred among persons holding an interest in the same license without restriction; provided, that if the license is intended to be transferred to persons or an entity without an existing interest in the license, the board shall, before permitting the transfer, give notice of the application in the same manner as is provided in this chapter in the case of an original application for the license, and a new bond shall be given upon the issuance of the license.

(b) In all cases of transfer of license, indebtedness of the licensee incurred in the operation of the licensed premises shall be paid to or released by an objecting creditor before the issuing body permits the transfer. In cases of dispute as to the amount of indebtedness, the issuing body, may, in its discretion, permit the transfer upon statement of the licensee, under oath, that the claim of indebtedness is disputed and that the statement of dispute is not interposed for the purpose of inducing transfer of the license. No creditor is allowed to object to the transfer of a license by a receiver, trustee in bankruptcy, assignee for the benefit of creditors, executor, administrator, and guardian or by any public officer under judicial process. In case of the death of any licensee, the license becomes part of the personal estate of the deceased, but the interest in the license shall not pass except as provided in subsection (a) of this section.

(c) The transfer of a license is contingent upon the full payment of any outstanding debt owed the state or municipality.

(d) The transferee of a license assumes all penalties that the license board has imposed upon the transferor of the license.

41-13-9. Prohibition against assignment or leasing of license.

The holder of a license issued pursuant to this title shall not assign, rent, lease or let the license but may transfer their interest only as provided in §§ 41-12-16(a) and 41-13-9(a).

SECTION 4. Chapter 44-18 of the General Laws entitled "Sales and Use Taxes - Liability and Computation" is hereby amended by adding thereto the following section:

44-18-18.2, Local meals and beverage tax - Supplemental.

(a) There is hereby levied and imposed a two percent (2%) tax upon every purchaser of a meal and/or beverage from a retailer issued a Class B-BP license as provided for in § 3-7-7.8, in addition to § 44-18-18.1. The tax shall be paid to the tax administrator by the retailer at the time and in the manner provided and divided equally between the state and the city or town where the meals and beverages are delivered.

(b) All sums received by the division of taxation under this section as taxes, penalties, or forfeitures, interest, costs of suit, and fines shall be distributed at least quarterly and credited and paid by the state treasurer to the city or town where the meals and beverages are delivered.
SECTION 5. This act shall take effect upon passage.
This act would establish the licensing of nine (9) sports betting parlors located at the two (2) established casinos, within each of the five (5) counties and two (2) for counties with at least one hundred fifty thousand (150,000) inhabitants. The act would empower the department of business regulation to issue rules and regulations and the issuance of licenses for wagering at the sites of the betting parlors and online wagering using electronic means, for licensing and application fees, licensing of employees, software companies, independent contractors and their employees, transfers of licenses, collection of fees and taxes with local licensing and the issuance of a betting parlor liquor license.

This act would take effect upon passage.