

DOR Rhode Island Department of Revenue
Lottery Division

April 28, 2026

The Honorable Marvin L. Abney, Chair
House Committee on Finance
State House
Providence, RI 02903

RE: 2026 H 8186 (An Act Relating to State Affairs and Government – Video Lottery[]
Games, Table Games and Sports Wagering)

Dear Chair Abney:

I am writing on behalf of the Rhode Island Lottery to express opposition to the above-captioned legislation, which would: (i) require the Rhode Island Lottery to award no less than (4) and no more than six (6) individual sports-wagering vendor contracts; (ii) permit the selected vendors to make operational decisions regarding marketing, advertising, and promotions; (iii) revise the formula for calculating online sport-wagering revenue for vendor contracts entered into after the bill's passage and (iv) reallocate shares of such revenue received by the State, its vendors, and the host facilities (the "Act").

The Act is likely unconstitutional because it delegates certain operational authority for sports wagering and online sports wagering to a non-state entity. The Act not only expressly permits a sports wagering vendor to make "operational decisions with regard to marketing, advertising, and promotions," but it also allows such vendor(s) to use player data without any oversight or approval from the Rhode Island Lottery, despite the player data being the exclusive property of the Rhode Island Lottery. Section 15 of Article VI of the Rhode Island Constitution requires the State to operate all lotteries, including casino gaming which encompasses sports wagering and online sports wagering. Operational decisions related to marketing, advertising, and promotions must be made by the Rhode Island Lottery and the delegation of operational authority—particularly when related to generating revenue—is prohibited by the Rhode Island Constitution.

The portions of the Act that broadly permit a sports wagering vendor to use player data for marketing purposes, without oversight and approval from the Rhode Island Lottery is similarly concerning, both constitutionally and operationally. Under the Act, the use of Rhode Island player data is entirely unfettered. The absence of jurisdictional limits on the use of player data could draw Rhode Island players to wager in neighboring states. More pointedly, the Act removes the requirement that the use of player data be related to generating additional gaming revenue for the State, thereby undercutting the use of our data to drive positive financial



outcomes for the State. Worse, the Act permits a sports wagering vendor to offer and accept wagers using promotions, bonuses, or cash equivalents without regard to the jurisdiction of origin. In other words, free play awarded in Rhode Island could be used to place wagers in other states. Conversely, promotional offers from other states could be redeemed in Rhode Island, regardless of whether the Rhode Island Lottery authorized the type and/or amount of the offer. When free play awarded in other states is redeemed in Rhode Island, it results in a cost to the State on every winning wager. Not only is this a constitutional issue, but it creates adverse financial consequences for the State.

The Act's requirement that the Lottery award at least four (4) and no more than six (6) individual sports-wagering vendor contracts may not be economically feasible or advantageous for the State. In particular, the Act requires an open invitation for applicants and then an award, even though having this many sports-wagering vendors may not be financially beneficial to the State. The Rhode Island Lottery is required to act in the State's best interests when entering into and enforcing contracts. The Rhode Island Lottery must maintain discretion and flexibility in awarding sports-wagering vendor contracts. Notably, the Lottery recently commissioned an economic study which concluded that the State would benefit from a single additional sports wagering vendor. When the Lottery issued a Request for Qualifications ("RFQ") for an additional sports wagering service provider, it only received two responses. Neither the Lottery nor the sports wagering market is able to support more sports wagering vendors given Rhode Island's unique Constitutional framework. Requiring that more contracts be awarded than can be supported by the Rhode Island Lottery will negatively impact operations and related player protections.

The Act is also financially detrimental to the State with respect to both the revised formula for calculating online sport-wagering revenue for vendor contracts entered into after the bill's passage and the reallocation of shares of such revenue among the State, the vendors, and the host facilities. First, the Act removes from the formula the subtraction of "[m]arketing 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." The Rhode Island Lottery is assuming that the removal of this language is intended to relieve the State of any obligation related to the costs associated with marketing. While initially this may seem like a benefit because it appears that the State no longer has to share in the cost of such marketing, the sharing of costs related to free play remains unchanged and would put the Rhode Island Lottery in a position of competing against itself. Vendors use free play to focus on attracting players to use their particular platform. The Rhode Island Lottery would have to treat each of the vendors equally with respect to the type and amount of free play authorized, so as not to advantage one vendor over another. The cost of this equal treatment would be borne by the Rhode Island Lottery, without the outcome being focused on generating additional online sports wagering revenue for the State. We also note that the formula for calculating sports wagering revenue from in-person wagers remains unchanged, which could lead to administrative difficulties and/or claims of favoring of the vendor offering

sports wagering at the two casino facilities, who would still be entitled to marketing reimbursement from the Rhode Island Lottery.

Second, the Act reduces the State's share for both sport-wagering revenue and online sports-wagering revenue from 51% to 12% once such revenue reaches the amount received in FY 2025, while redistributing the majority of the revenue—79.5%—to the private vendors. Obviously, this would significantly reduce the State's revenue from sports wagering. For example, for every \$5.0 million of revenue received above the amount received in FY 2025, the State would receive \$1.95 million less than under current law. With respect to the host facilities, there is a new guarantee that they will receive at least \$4.5 million, but the Act does not specify who is responsible for making up any potential shortfall. Should that responsibility fall upon the State, this would further reduce the State's revenue from sports wagering and online sports wagering.

Based on the foregoing, the Rhode Island Lottery respectfully urges the Committee not to pass the proposed legislation and stands ready to answer any questions you may have.

Sincerely,



Mark A. Furcolo
Director

cc: The Honorable Members of the House Committee on Finance
The Honorable Matthew S. Dawson
Nicole McCarty, Esq., Chief Legal Counsel to the Speaker of the House
Jane E. Cole, Interim Director, Department of Revenue