

2012 -- S 3001

=====  
LC02714  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

—————  
A N A C T

RELATING TO REVENUE PROTECTION

Introduced By: Senators Goodwin, Bates, and Felag

Date Introduced: May 24, 2012

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The general assembly hereby finds that:

2 (a) The Twin River facility located in the Town of Lincoln (“Twin River”) is an  
3 important source of revenue for the state of Rhode Island, having been licensed by the Rhode  
4 Island Department of Business Regulation to conduct pari-mutuel wagering, and at which the  
5 Division (as defined herein) operates games of the Rhode Island Lottery.

6 (b) The Newport Grand facility located in the City of Newport (“Newport Grand”) is an  
7 important source of revenue for the state of Rhode Island, having been licensed by the Rhode  
8 Island Department of Business Regulation to conduct pari-mutuel wagering, and at which the  
9 Division (as defined herein) operates games of the Rhode Island Lottery.

10 (c) In a study commissioned by the Rhode Island Department of Revenue, Christiansen  
11 Capital Advisors, LLC anticipated that competition from gaming facilities recently authorized in  
12 Massachusetts could have a 25-40% negative impact on state revenues generated from state-  
13 operated gaming in Rhode Island, amounting to losses to the state of one hundred million dollars  
14 (\$100,000,000) or more in annual revenue.

15 (d) Revenues generated from state-operated gaming in Rhode Island constitute the third  
16 largest source of revenue to the state, behind only revenue generated from income taxes and sales  
17 and use taxes.

18 (e) Accordingly, competition from gaming facilities in Massachusetts present an  
19 imminent threat to revenues generated by the state, and thus an imminent threat to the public

1 welfare.

2 (f) It is therefore imperative that action be taken to ameliorate the anticipated adverse  
3 effects on state revenues from competition from gaming facilities recently authorized in  
4 Massachusetts.

5 (g) It is also imperative that action be taken to preserve and protect the state's ability to  
6 maximize revenues at Twin River and Newport Grand in an increasingly competitive gaming  
7 market by expanding critical revenue-driving promotional programs through legislative  
8 authorization and necessary amendments to contracts, previously authorized by the General  
9 Assembly, to position the promotional programs for long-term success.

10 (h) It is also in the best interest of the state to preserve public confidence in the integrity  
11 of Rhode Island gaming by authorizing the Division to promulgate regulations to direct and  
12 control state-operated Table Gaming (as defined herein).

13 (i) It is the intent of the general assembly that this act address, independently: (1) Section  
14 8 of Chapter 151, Article 25 of the Public Laws of 2011 authorizing a referendum question to be  
15 submitted to statewide and Town of Lincoln voters at the next general election asking such voters  
16 to approve Casino Gaming (as defined therein) at Twin River; and (2) Section 1 of Chapters 24  
17 and 25 of the Public Laws of 2012 authorizing a referendum question to be submitted to statewide  
18 and City of Newport voters at the next general election asking such voters to approve Casino  
19 Gaming at Newport Grand; it being the intent of the General Assembly that the voters' actions on  
20 the referendum questions as to Twin River be independent of the voters' actions on the  
21 referendum questions as to Newport Grand.

22 (j) It is also the intent of the general assembly that this act satisfies the general assembly's  
23 obligations pursuant to §§ 42-61.2-2.1(b)(4) and 42-61.2-2.2(b)(4) of the Rhode Island General  
24 Laws.

25 (k) It is also the intent of the general assembly that this act, being necessary to address an  
26 imminent threat to the public welfare, as aforesaid, shall be liberally construed so as to effectuate  
27 its purposes, including without limitation, the state's attempt to minimize certain commercial  
28 risks faced by UTGR (as defined herein) and Newport Grand, LLC (as defined herein) as a result  
29 of entering into agreements with the Division.

30 SECTION 2. Definitions. (a) For the purposes of this act, the following terms shall have  
31 the following meanings:

32 (1) "Division" means the division of lotteries within the department of revenue and/ or  
33 any successor as party to the UTGR Master Contract, the Newport Grand Master Contract and the  
34 GTECH Master Contract.

1           (2) "Equipment Vendor" means GTECH Corporation, a Delaware corporation  
2 ("GTECH"), party to the GTECH Master Contract authorized pursuant to Chapters 32 and 33 of  
3 the Public Laws of 2003.

4           (3) "GTECH Master Contract" means that certain Master Contract made as of May 12,  
5 2003 pursuant to Chapters 32 and 33 of the Public Laws of 2003, as amended from time to time.

6           (4) "Initial Promotional Points Program" means that promotional points program  
7 authorized in Section 4(a)(ii) of Part A as to Twin River and Part B as to Newport Grand of  
8 Chapter 16 of the Public Laws of 2010, as amended by Section 8 of Chapter 151, Article 25 of  
9 the Public Laws of 2011.

10           (5) "Newport Grand, LLC" means that limited liability company defined in Chapter 16 of  
11 the Public Laws of 2010, Part B, Section 2(l).

12           (6) "Newport Grand Master Contract" means that certain Master Video Lottery Terminal  
13 Master Contract made as of November 23, 2005 by and between the Division and Newport Grand  
14 Jai Alai, LLC, as amended from time to time.

15           (7) "Prior Marketing Year" means the prior state fiscal year.

16           (8) "Promotional Points" means the promotional points issued pursuant to any free play  
17 or other promotional program operated by the Division at a licensed video lottery terminal facility  
18 (including, without limitation, the promotional points programs at Twin River and Newport  
19 Grand authorized pursuant to Chapter 16 of the Public Laws of 2010, Part A as to Twin River and  
20 Part B as to Newport Grand, Section 4(a)(ii), Chapter 151, Article 25 of the Public Laws of 2011,  
21 Section 8(a)(i)), and Section 8 hereof as to Twin River and Section 9 hereof as to Newport Grand,  
22 which are downloaded to a video lottery terminal by a player.

23           (9) "Supplementary Promotional Points Program" means that promotional points program  
24 authorized in Section 8 hereof as to Twin River and Section 9 hereof as to Newport Grand.

25           (10) "UTGR" means that corporation defined in Chapter 16 of the Public Laws of 2010,  
26 Part A, Section 2(n).

27           (11) "UTGR Master Contract" means that certain Master Video Lottery Terminal  
28 Contract made as of July 18, 2005 by and between the Division, the Department of  
29 Transportation and UTGR, as amended from time to time.

30           SECTION 3. Except as otherwise amended by this act, the terms, conditions, provisions  
31 and definitions of Chapters 32 and 33 of the Public Laws of 2003, Chapters 322 and 323 of the  
32 Public Laws of 2005, Chapter 16 of the Public Laws 2010, Chapter 151, Article 25 of the Public  
33 Laws of 2011 and Chapter 24 and 25 of the Public Laws of 2012 are hereby incorporated by  
34 reference and shall remain in full force and effect.

1 SECTION 4. Sections 42-61.2-1 and 42-61.2-7 of the General Laws in Chapter 42-61.2  
2 entitled "Video Lottery Terminal" is hereby amended to read as follows:

3 **42-61.2-1. Definitions. [Effective until June 30, 2009.] --** For the purpose of this  
4 chapter, the following words shall mean:

5 (1) "Central communication system" means a system approved by the lottery division,  
6 linking all video lottery machines at a licensee location to provide auditing program information  
7 and any other information determined by the lottery. In addition, the central communications  
8 system must provide all computer hardware and related software necessary for the establishment  
9 and implementation of a comprehensive system as required by the division. The central  
10 communications licensee may provide a maximum of fifty percent (50%) of the video lottery  
11 terminals.

12 (2) "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed  
13 by the director subject to the approval of the division to become a licensed video lottery retailer.

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

16 (4) "Pari-mutuel licensee" means an entity licensed and authorized to conduct:

17 (i) Dog racing, pursuant to chapter 3.1 of title 41; and/or

18 (ii) Jai-alai games, pursuant to chapter 7 of title 41.

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

22 (6) "Video lottery games" means lottery games played on video lottery terminals  
23 controlled by the lottery division.

24 (7) "Video lottery terminal" means any electronic computerized video game machine  
25 that, upon the insertion of cash, is available to play a video game authorized by the lottery  
26 division, and which uses a video display and microprocessors in which, by chance, the player  
27 may receive free games or credits that can be redeemed for cash. The term does not include a  
28 machine that directly dispenses coins, cash, or tokens.

29 **42-61.2-1. Definitions. [Effective June 30, 2009.] --** For the purpose of this chapter, the  
30 following words shall mean:

31 (1) "Central communication system" means a system approved by the lottery division,  
32 linking all video lottery machines at a licensee location to provide auditing program information  
33 and any other information determined by the lottery. In addition, the central communications  
34 system must provide all computer hardware and related software necessary for the establishment

1 and implementation of a comprehensive system as required by the division. The central  
2 communications licensee may provide a maximum of fifty percent (50%) of the video lottery  
3 terminals.

4 (2) "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed  
5 by the director subject to the approval of the division to become a licensed video lottery retailer.

6 (3) "Net terminal income" means currency placed into a video lottery terminal less  
7 credits redeemed for cash by players.

8 (4) "Pari-mutuel licensee" means an entity licensed and authorized to conduct:

9 (i) Dog racing, pursuant to chapter 3.1 of title 41; and/or

10 (ii) Jai-alai games, pursuant to chapter 7 of title 41.

11 (5) "Technology provider" means any individual, partnership, corporation, or association  
12 that designs, manufactures, installs, operates, distributes or supplies video lottery machines or  
13 associated equipment for the sale or use in this state.

14 (6) "Video lottery games" means lottery games played on video lottery terminals  
15 controlled by the lottery division.

16 (7) "Video lottery terminal" means any electronic computerized video game machine  
17 that, upon the insertion of cash, is available to play a video game authorized by the lottery  
18 division, and which uses a video display and microprocessors in which, by chance, the player  
19 may receive free games or credits that can be redeemed for cash. The term does not include a  
20 machine that directly dispenses coins, cash, or tokens.

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

27 (9) "Net Table Game Revenue" means win from Table Games minus counterfeit  
28 currency.

29 (10) "Rake" means a set fee or percentage of cash and chips representing cash wagered in  
30 the playing of a nonbanking Table Game assessed by a Table Game Retailer for providing the  
31 services of a dealer, gaming table or location, to allow the play or operation of any nonbanking  
32 Table Game.

33 (11) "Table Game" or "Table Gaming" means that type of Casino Gaming in which table  
34 games are played for cash or chips representing cash, using cards, dice or equipment and operated

1 [by one or more live persons.](#)

2 [\(12\) "Table Game Retailer" means a retailer authorized to conduct Table Gaming](#)  
3 [pursuant to §§ 42-61.2-2.1 and 42-61.2-2.2 of the Rhode Island General Laws.](#)

4 **42-61.2-7. Division of revenue. [Effective June 30, 2011.] --** (a) Notwithstanding the  
5 provisions of section 42-61-15, the allocation of net terminal income derived from video lottery  
6 games is as follows:

7 (1) For deposit in the general fund and to the state lottery division fund for  
8 administrative purposes: Net terminal income not otherwise disbursed in accordance with  
9 subdivisions (a)(2) -- (a)(6) herein;

10 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one  
11 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally  
12 allocated to the distressed communities as defined in section 45-13-12 provided that no eligible  
13 community shall receive more than twenty-five percent (25%) of that community's currently  
14 enacted municipal budget as its share under this specific subsection. Distributions made under  
15 this specific subsection are supplemental to all other distributions made under any portion of  
16 general laws section 45-13-12. For the fiscal year ending June 30, 2008 distributions by  
17 community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and  
18 shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total  
19 state distribution shall be the same total amount distributed in the fiscal year ending June 30,  
20 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the  
21 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,  
22 2009 and shall be made from general appropriations, provided however that \$784,458 of the total  
23 appropriation shall be distributed equally to each qualifying distressed community. For each of  
24 the fiscal years ending June 30, 2011 and June 30, 2012, seven hundred eighty-four thousand four  
25 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to  
26 each qualifying distressed community.

27 (ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars  
28 (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of section 44-  
29 33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum  
30 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit  
31 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be  
32 less than the prior fiscal year.

33 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-  
34 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum

1 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event  
2 shall the exemption in any fiscal year be less than the prior fiscal year.

3 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent  
4 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to  
5 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of  
6 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008  
7 distributions by community shall be identical to the distributions made in the fiscal year ending  
8 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,  
9 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,  
10 funding shall be determined by appropriation.

11 (2) To the licensed video lottery retailer:

12 (a) (i) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-  
13 six percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars  
14 (\$384,996);

15 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video  
16 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said  
17 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars  
18 (\$384,996).

19 (iii) Effective July 1, 2013, provided that the referendum measure authorized by Section  
20 1 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of  
21 Newport and provided further that Newport Grand commences and continues the operation of  
22 table games, the rate of net terminal income payable to Newport Grand, LLC under the Newport  
23 Grand Master Contract shall increase by one and one half percent (1.5%).

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

28 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video  
29 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said  
30 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars  
31 (\$767,687).

32 (3) (i) To the technology providers who are not a party to the GTECH Master Contract  
33 as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net  
34 terminal income of the provider's terminals; in addition thereto, technology providers who

1 provide premium or licensed proprietary content or those games that have unique characteristics  
2 such as 3D graphics, unique math/game play features or merchandising elements to video lottery  
3 terminals may receive incremental compensation, either in the form of a daily fee or as an  
4 increased percentage, if all of the following criteria are met:

5 (A) A licensed video lottery retailer has requested the placement of premium or licensed  
6 proprietary content at its licensed video lottery facility;

7 (B) The division of lottery has determined in its sole discretion that the request is likely  
8 to increase net terminal income or is otherwise important to preserve or enhance the  
9 competitiveness of the licensed video lottery retailer;

10 (C) After approval of the request by the division of lottery, the total number of premium  
11 or licensed propriety content video lottery terminals does not exceed ten percent (10%) of the  
12 total number of video lottery terminals authorized at the respective licensed video lottery retailer;  
13 and

14 (D) All incremental costs are shared between the division and the respective licensed  
15 video lottery retailer based upon their proportionate allocation of net terminal income. The  
16 division of lottery is hereby authorized to amend agreements with the licensed video lottery  
17 retailers, or the technology providers, as applicable, to effect the intent herein.

18 (ii) To contractors who are a party to the Master Contract as set forth and referenced in  
19 Public Law 2003, Chapter 32, all sums due and payable under said Master Contract;

20 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted  
21 proportionately from the payments to technology providers the sum of six hundred twenty-eight  
22 thousand seven hundred thirty-seven dollars (\$628,737);

23 (4) (A) To the city of Newport one and one hundredth percent (1.01%) of net terminal  
24 income of authorized machines at Newport Grand, except that:

25 (i) Effective November 9, 2009 until June 30, ~~2012~~ 2013, the allocation shall be one and  
26 two tenths percent (1.2%) of net terminal income of authorized machines at Newport Grand for  
27 each week the facility operates video lottery games on a twenty-four (24) hour basis for all  
28 eligible hours authorized, and

29 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Section 1  
30 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of  
31 Newport, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal  
32 income of authorized video lottery terminals at Newport Grand; and

33 (B) To the town of Lincoln one and twenty-six hundredths percent (1.26%) of net  
34 terminal income of authorized machines at ~~Lincoln Park~~ Twin River except that,



1           (i) Effective November 9, 2009 until June 30, ~~2012~~ 2013, the allocation shall be one and  
2 forty-five hundredths percent (1.45%) of net terminal income of authorized machines at ~~Lincoln~~  
3 ~~Park-Twin River~~ for each week ~~the facility operates~~ video lottery games are offered on a twenty-  
4 four (24) hour basis for all eligible hours authorized, and

5           (ii) Effective July 1, 2013, provided that the referendum measure authorized by Article  
6 25, Chapter 151, Section 4 of the Public Laws of 2011 is approved statewide and in the Town of  
7 Lincoln, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal  
8 income of authorized video lottery terminals at Twin River; and

9           (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net  
10 terminal income of authorized machines at Lincoln Park up to a maximum of ten million dollars  
11 (\$10,000,000) per year, which shall be paid to the Narragansett Indian Tribe for the account of a  
12 Tribal Development Fund to be used for the purpose of encouraging and promoting: home  
13 ownership and improvement, elderly housing, adult vocational training; health and social  
14 services; childcare; natural resource protection; and economic development consistent with state  
15 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility  
16 in which the Narragansett Indians are entitled to any payments or other incentives; and provided  
17 further, any monies distributed hereunder shall not be used for, or spent on previously contracted  
18 debts; and

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

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

23           (b) Notwithstanding the above, the amounts payable by the Division to UTGR related to  
24 the Marketing Program shall be paid on a frequency agreed by the Division, but no less  
25 frequently than annually.

26           (c) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the  
27 Director is authorized to fund the Marketing Program as described above in regard to the First  
28 Amendment to the UTGR Master Contract.

29           (d) Notwithstanding the above, the amounts payable by the Division to Newport Grand  
30 related to the Marketing Program shall be paid on a frequency agreed by the Division, but no less  
31 frequently than annually.

32           (e) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the  
33 Director is authorized to fund the Marketing Program as described above in regard to the First  
34 Amendment to the Newport Grand Master Contract.

1           (f) Notwithstanding the provisions of § 42-61-15, the allocation of Net Table Game  
2 Revenue derived from Table Games at Twin River is as follows:

3           (1) For deposit in the general fund and to the state lottery division fund for administrative  
4 purposes:

5           (i) Sixteen percent (16%) of Net Table Game Revenue, except as provided in subsection  
6 (f)(1)(ii);

7           (ii) An additional two percent (2%) of Net Table Game Revenue generated at Twin River  
8 shall be allocated starting from the commencement of Table Game activities by such Table Game  
9 Retailer, and ending, with respect to such Table Game Retailer, on the first date that such Table  
10 Game Retailer's net terminal income for a full State fiscal year is less than such Table Game  
11 Retailer's net terminal income for the prior State fiscal year, at which point this additional  
12 allocation to the State shall no longer apply to such Table Game Retailer.

13           (2) To UTGR, Net Table Game Revenue not otherwise disbursed pursuant to above  
14 subsection (f)(1).

15           (g) Notwithstanding the provisions of § 42-61-15, the allocation of Net Table Game  
16 Revenue derived from Table Games at Newport Grand is as follows:

17           (1) For deposit in the general fund and to the state lottery division fund for administrative  
18 purposes:

19           (i) Eighteen percent (18%) of Net Table Game Revenue, except as provided in subsection  
20 (f)(1)(ii);

21           (2) To Newport Grand LLC, Net Table Game Revenue not otherwise disbursed pursuant  
22 to above subsection (g)(1).

23           SECTION 5. Chapter 42-61.2 of the General Laws entitled "Video Lottery Terminal" is  
24 hereby amended by adding thereto the following section:

25           **42-61.2-3.1. Table game regulation.** – (a) In addition to the powers and duties of the  
26 Division director under Sections 42-61-4, 42-61.2-3 and 42-61.2-4, and pursuant to § 42-61.2-2.1  
27 and § 42-61.2-2.2, the Division director shall promulgate reasonable rules and regulations relating  
28 to state-operated Table Gaming and set policy for these Table Games. These rules and regulations  
29 shall include, but not be limited to:

30           (1) Establishing standards and procedures for Table Gaming and associated equipment.

31           (2) Establishing standards, rules and regulations to govern the conduct of Table Games and the  
32 system of wagering associated with Table Games, including without limitation:

33           (i) The object of the Table Game and method of play, including what constitutes win, loss  
34 or tie bets;

- 1           (ii) Physical characteristics of the Table Games and Table Game equipment;
- 2           (iii) Wager and payout odds for each type of available wager;
- 3           (iv) The applicable inspection procedures for any of the following, as required by a Table  
4 Game:
- 5           (A) Cards;
- 6           (B) Dice; and
- 7           (C) Wheels and balls.
- 8           (v) Procedures for the collection of bets and payouts, including requirements for internal  
9 revenue service purposes;
- 10          (vi) Procedures for handling suspected cheating or Table Gaming irregularities;
- 11          (vii) Procedures for handling any defective or malfunctioning Table Game equipment.
- 12          (3) Establishing the method for calculating Net Table Game Revenue and standards for  
13 the daily counting and recording of cash received in the conduct of Table Games, and ensuring  
14 that internal controls are followed, including the maintenance of financial books and records and  
15 the conduct of annual audits.
- 16          (4) Establishing the number and type of Table Games authorized at a Table Game  
17 Retailer's facility, and all rules related thereto.
- 18          (5) Establishing any Table Game rule changes, Table Game minimum and maximum  
19 wager changes, and changes to the type of Table Game being offered at a particular gaming table,  
20 including any notice by the Table Game Retailer to the public.
- 21          (6) Requiring the Table Game Retailer to:
- 22                (i) Provide written information at each Table Game about game rules, payoffs or winning  
23 wagers and other information as the Division may require.
- 24                (ii) Provide specifications approved by the Division to integrate and update the Table  
25 Game Retailer's surveillance system to cover all areas where Table Games are conducted. The  
26 specifications shall include provisions providing the Division and other persons authorized by the  
27 Division with onsite access to the system.
- 28                (iii) Designate one or more locations within the Table Game Retailer's facility to  
29 conduct Table Games.
- 30                (iv) Ensure that visibility in a Table Game Retailer's facility is not obstructed in any way  
31 that could interfere with the ability of the Division, the Table Game Retailer or other persons  
32 authorized under this section or by the Division to oversee the surveillance of the conduct of  
33 Table Games.
- 34                (v) Ensure that the count room for Table Gaming has appropriate security for the

1 counting and storage of cash.

2 (vi) Furnish each Table Game with a sign indicating the permissible minimum and  
3 maximum wagers at the Table Game.

4 (vii) Adopt policies or procedures to prohibit any Table Game equipment from being  
5 possessed, maintained or exhibited by any person on the premises of a Table Game Retailer's  
6 facility except in the areas of such facility where the conduct of Table Games is authorized or in a  
7 restricted area designated to be used for the inspection, service, repair or storage of Table Game  
8 equipment by the Table Game Retailer or in an area used for employee training and instruction by  
9 the Table Game Retailer.

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

13 (ix) Designate secure locations for the inspection, service, repair or storage of Table  
14 Game equipment and for employee training and instruction to be approved by the Division.

15 (7) Establishing the size and uniform color by denomination of Table Game chips used in  
16 the conduct of Table Games, including tournaments, and a policy for the use of promotional or  
17 commemorative chips used in the conduct of certain Table Games. All types of Table Game chips  
18 shall be approved by the Division prior to being used for play at a Table Game.

19 (8) Establishing the procedure to be used by a Table Game Retailer to determine and  
20 extract a Rake for the purposes of generating Net Table Game Revenue from nonbanking games.

21 (9) Establishing minimum standards relating to the acceptance of tips or gratuities by  
22 dealers at a Table Game, which shall include:

23 (i) The requirement that tips or gratuities accepted by dealers at banking Table Games be  
24 placed in a common pool for complete distribution pro rata among all dealers based on the daily  
25 collection of such tips or gratuities; provided however, the Division may establish an alternative  
26 distribution method for tips or gratuities at a banking Table Game upon submission by the Table  
27 Game Retailer of a proposal to modify the existing distribution method for tips or gratuities.

28 (ii) The requirement that tips or gratuities accepted by dealers at nonbanking Table  
29 Games are not required to be pooled and may be retained by the dealers; provided however, the  
30 Division may establish an alternative distribution method for tips or gratuities at a nonbanking  
31 Table Game upon submission by the Table Game Retailer of a proposal to modify the existing  
32 distribution method for tips or gratuities.

33 (10) Establishing the minimal proficiency requirements for Table Game personnel,  
34 including without limitation Table Game dealers. The foregoing requirements of this subsection

1 [\(10\) shall not affect any rules or regulations of the Rhode Island Department of Business](#)  
2 [Regulation requiring licensing of personnel of state-operated gaming facilities.](#)

3 [\(11\) Establishing the practices and procedures governing the conduct of Table Game](#)  
4 [tournaments.](#)

5 [\(12\) Establishing appropriate eligibility requirements and standards for traditional Table](#)  
6 [Game equipment suppliers.](#)

7 [\(13\) Any other matters necessary for conducting Tables Games.](#)

8 [\(b\) The Division shall promulgate the Table Game regulations authorized by this section](#)  
9 [on or before March 31, 2013.](#)

10 SECTION 6. Sections 42-61.2-5, 42-61.2-8 and 42-61.2-12 of the General Laws in  
11 Chapter 42-61.2 entitled "Video Lottery Terminal" are hereby amended to read as follows.

12 **42-61.2-5. Exclusion of minors. --** No person under the age of eighteen (18) years may  
13 play a video lottery game [or a Table Game](#) authorized by this chapter, nor shall any licensed  
14 video lottery [or Table Game](#) retailer knowingly permit a minor to play a video lottery machine [or](#)  
15 [Table Game](#) or knowingly pay a minor with respect to a video lottery credit slip [or Table Game](#)  
16 [chip](#). Violation of this section shall be punishable by a fine of five hundred dollars (\$500).

17 **42-61.2-8. Penalty for manipulation or tampering. --** Any person who, with intent to  
18 manipulate the outcome, payoff, and/or operation of a video lottery terminal [or Table Game](#),  
19 manipulates the outcome, prize, or operation of a video lottery terminal [or Table Game](#) by  
20 physical or electronic means shall be guilty of a felony punishable by imprisonment for not more  
21 than ten (10) years or by a fine of not less than ten thousand (\$10,000) dollars or both.

22 ~~**42-61.2-12. Video lottery terminal prize -- Set-off for child support debts Prize --**~~  
23 **Set-off for child support debts. --** Notwithstanding the provisions of section 42-61-7 relating to  
24 assignment of prizes, the following set off provisions shall apply to the payment of any prize  
25 requiring the issuance of Internal Revenue Service Form W-2G by a video lottery retailer  
26 [\(whether or not a Table Game Retailer\)](#) to a patron:

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

30 (i) Shall establish rules and regulations pursuant to section 42-61.2-3 [and section 42-](#)  
31 [61.2-3.1](#)) providing for the establishment and operation of a system whereby the division of state  
32 lottery shall have the ability to communicate such information to video lottery retailers so as to  
33 identify a person entitled to receive a prize requiring the issuance of Internal Revenue Service  
34 Form W-2G who has an unpaid child support order(s) arrearage(s).

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

8 (iii) The video lottery retailer shall pay to this person the remaining balance of the prize  
9 amount, if any, after reduction of the amount set off above for child support.

10 (2) The division of lottery, the lottery director and the video lottery retailer shall be  
11 discharged of all further liability upon payment of a prize pursuant to this section. Except in the  
12 case of gross negligence, the division of lottery, the lottery director and the video lottery retailer  
13 shall not be liable to any party or person for failure to make such a set-off.

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

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

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

28 SECTION 7. Chapter 42-61.2 of the General Laws entitled "Video Lottery Terminal" is  
29 hereby amended by adding thereto the following sections:

30 **42-61.2-13. Table game enforcement.** – [\(a\) Whoever violates sections 42-61.2-2.1 or](#)  
31 [42-61.2-3.1, or any rule or regulation, policy or procedure, duly promulgated thereunder, or any](#)  
32 [administrative order issued pursuant to sections 42-61.2-2.1 or 42-61.2-3.1, shall be punishable as](#)  
33 [follows:](#)

34 [\(1\) In the Division director's discretion, the Division director may impose an](#)

1 administrative penalty of not more than \$1,000 for each violation. Each day of continued  
2 violation shall be considered as a separate violation if the violator has knowledge of the facts  
3 constituting the violation and knows or should know that such facts constitute or may constitute a  
4 violation. Lack of knowledge regarding such facts or violation shall not be a defense to a  
5 continued violation with respect to the first day of its occurrence. Written notice detailing the  
6 nature of the violation, the penalty amount, and effective date of the penalty will be provided by  
7 the Division director. Penalties shall take effect upon notification. A written request for a hearing  
8 must be submitted in writing to the Division director within 30 days of notification of violation.

9 (2)(a) In the Division director's discretion, the Division director may endeavor to obtain  
10 compliance with requirements of this chapter by written administrative order. Such order shall be  
11 provided to the responsible party, shall specify the complaint, and propose a time for correction  
12 of the violation.

13 (b) The Division director shall enforce this chapter.

14 (c) Any interest, costs or expense collected under this section shall be appropriated to the  
15 Division for administrative purposes.

16 (d) Any penalty imposed by the Division pursuant to this Section 42-61.2-13 shall be  
17 appealable to Superior Court.

18 **42-61.2-14. Compulsive and problem gambling program. –** The Division and the State  
19 acknowledge that the vast majority of gaming patrons can enjoy gambling games responsibly, but  
20 that there are certain societal costs associated with gaming by some individuals who have  
21 problems handling the product or services provided. The Division and the State further  
22 understand that it is their duty to act responsibly toward those who cannot participate  
23 conscientiously in gaming. Pursuant to the foregoing, Twin River and Newport Grand, in  
24 cooperation with the State, shall offer compulsive and problem gambling programs that include,  
25 but are not limited to (a) problem gambling awareness programs for employees; (b) player self-  
26 exclusion program; and (c) promotion of a problem gambling hotline. Twin River and Newport  
27 Grand shall modify their existing compulsive and problem-gambling programs to include Table  
28 Games to the extent such games are authorized at such facilities.

29 **42-61.2-15. Table game hours of operation. –** To the extent Table Games are  
30 authorized at Twin River, such Table Games may be offered at Twin River for all or a portion of  
31 the days and times that VLTs are offered. To the extent Table Games are authorized at Newport  
32 Grand, such Table Games may be offered at Newport Grand for all or a portion of the days and  
33 times that VLTs are offered.

34 SECTION 8. Authorized Procurement of Third Amendment to the UTGR Master

1 Contract.

2 (a) Notwithstanding any provision of the general or Public Laws to the contrary, within  
3 90 days of the enactment of this Act, the Division is hereby expressly authorized and directed to  
4 enter into with UTGR a Third Amendment to the UTGR Master Contract to effectuate the terms  
5 and conditions of this Act relative to video lottery terminals and Table Games, and also including,  
6 without limitation, the following:

7 (1) There is hereby authorized a Supplementary Promotional Points Program at Twin  
8 River (in addition to the Initial Promotional Points Program), pursuant to the terms and conditions  
9 established from time to time by the Division during the term of the UTGR Contract. The  
10 approved amount of the Supplementary Promotional Points Program shall equal six percent (6%)  
11 of Twin River net terminal income of the Prior Marketing Year. For avoidance of doubt, the  
12 aggregate approved amount of the Initial and Supplementary Promotional Points Programs, in  
13 total, shall therefore be ten percent (10%) of the amount of net terminal income of Twin River of  
14 the Prior Marketing Year, plus an additional \$750,000 allocated pursuant to the terms of Chapter  
15 151, Article 25 of the Public Laws of 2011, Section 8(a)(i).

16 (2) The distribution of Promotional Points pursuant to the Supplementary Promotional  
17 Points Program shall reduce only the shares of net terminal income to be distributed (i) pursuant  
18 to subsection 42-61.2-7(a)(1) of the Rhode Island General Laws, (ii) to UTGR, pursuant to  
19 subsection 42-61.2-7(a)(2) of the Rhode Island General Laws, (iii) to the Town of Lincoln  
20 pursuant to subsection 42-61.2-7(a)(4) of the Rhode Island General Laws, and (iv) to the  
21 Narragansett Indian Tribe, pursuant to subsection 42-61.2-7(a)(5) of the Rhode Island General  
22 Laws, the reduction in each specified receiving entity's allocated share of net terminal income to  
23 be in the proportion that such receiving entity's allocated share of net terminal income bears to  
24 the allocated shares of the other receiving entities specified in this subsection (a)(2). By way of  
25 example only, based upon current rates to the technology providers pursuant to §42-61.2-7(c), the  
26 pro rata reduction in net terminal income for each of the parties listed in subsections (i)-(iv)  
27 hereof shall be such party's actual share divided by 0.905.

28 (3) The Division may implement and account for the Initial and Supplementary  
29 Promotional Points Programs at its discretion, except that the Division shall, at the close of each  
30 state fiscal year, review any debits or credits of net terminal income made during the immediately  
31 preceding state fiscal year pursuant to the Initial and Supplementary Promotional Points  
32 Programs, and reallocate net terminal income as necessary to comply with the requirements of the  
33 Initial and Supplementary Promotional Points Programs set forth in Chapter 16, Section 4(a)(ii)  
34 of Part A of the Public Laws of 2010, Section 8 of Chapter 151, Article 25 of the Public Laws of



1 2011 and this Section 8.

2 (4) The requirements of this Section 8 related to the Supplementary Promotional Points  
3 Program shall take effect on and after July 1, 2012.

4 SECTION 9. Authorized Procurement of Third Amendment to the Newport Grand  
5 Master Contract.

6 (a) Notwithstanding any provision of the general or Public Laws to the contrary, within  
7 90 days of the enactment of this Act, the Division is hereby expressly authorized and directed to  
8 enter into with Newport Grand, LLC a Third Amendment to the Newport Grand Master to  
9 effectuate the terms and conditions of this Act relative to video lottery terminals and Table  
10 Games, and also including, without limitation, the following:

11 (1) There is hereby authorized a Supplementary Promotional Points Program at Newport  
12 Grand (in addition to the Initial Promotional Points Program), pursuant to the terms and  
13 conditions established from time to time by the Division during the term of the Newport Grand  
14 Master Contract. The approved amount of the Supplementary Promotional Points Program shall  
15 equal six percent (6%) of Newport Grand net terminal income of the Prior Marketing Year. For  
16 avoidance of doubt, the aggregate approved amount of the Initial and Supplementary Promotional  
17 Points Programs, in total, shall therefore be ten percent (10%) of the amount of net terminal  
18 income of Newport Grand of the Prior Marketing Year, plus an additional \$750,000 allocated  
19 pursuant to the terms of Chapter 151, Article 25 of the Public Laws of 2011, Section 8(a)(i).

20 (2) The distribution of Promotional Points pursuant to the Supplementary Promotional  
21 Points Program shall reduce only the shares of net terminal income to be distributed (i) pursuant  
22 to subsection 42-61.2-7(a)(1) of the Rhode Island General Laws, (ii) to Newport Grand, LLC,  
23 pursuant to subsection 42-61.2-7(a)(2) of the Rhode Island General Laws, and (iii) to the City of  
24 Newport, pursuant to subsection 42-61.2-7(a)(4) of the Rhode Island General Laws, the reduction  
25 in each specified receiving entity's allocated share of net terminal income to be in the proportion  
26 that such receiving entity's allocated share of net terminal income bears to the allocated shares of  
27 the other receiving entities specified in this subsection (a)(2). By way of example only, based  
28 upon current rates to the technology providers pursuant to §42-61.2-7(c), the pro rata reduction in  
29 net terminal income for each of the parties listed in subsections (i)-(iii) hereof shall be such  
30 party's actual share of net terminal income divided by 0.905.

31 (3) The Division may implement and account for the Initial and Supplementary  
32 Promotional Points Programs at its discretion, except that the Division shall, at the close of each  
33 state fiscal year, review any debits or credits of net terminal income made during the immediately  
34 preceding state fiscal year pursuant to the Initial and Supplementary Promotional Points

1 Programs, and reallocate net terminal income as necessary to comply with the requirements of the  
2 Initial and Supplementary Promotional Points Programs set forth in Chapter 16, Section 4(a)(ii)  
3 of Part B of the Public Laws of 2010, Section 8 of Chapter 151, Article 25 of the Public Laws of  
4 2011 and this Section 9.

5 (4) The requirements of this Section 9 related to the Supplementary Promotional Points  
6 Program shall take effect on and after July 1, 2012.

7 SECTION 10. Authorized Procurement of a Fifth Amendment to the GTECH Master  
8 Contract.

9 (a) Notwithstanding any provision of the general or Public Laws to the contrary, within  
10 90 days of the enactment of this Act, the Division is hereby expressly authorized and directed to  
11 enter into with the Equipment Vendor, a Fifth Amendment to the GTECH Master Contract for the  
12 following purposes and containing the following terms and conditions:

13 (1) The GTECH Master Contract shall be amended to provide for the Equipment  
14 Vendor's contractual ratification of the Division's past and current practice of deducting the  
15 Equipment Vendor's pro rata share of the amount of the Initial Promotional Points Program as  
16 part of such program, and the GTECH Master Contract shall be further amended to provide for  
17 the Equipment Vendor's participation in the Initial Promotional Points Program in accordance  
18 with such practice through June 30, 2023.

19 (2) Section 8.1 of the of the GTECH Master Contract shall be amended to provide that  
20 the Equipment Vendor shall not be obligated to replace the following components of the lottery  
21 system provided by the Equipment Vendor pursuant to the On-Line Lottery Agreement (as such  
22 term is defined in the GTECH Master Contract) through June 30, 2023:

23 (A) Lottery central-system hardware and software, as referenced in the GTECH Master  
24 Contract; and

25 (B) One thousand (1,000) lottery terminals, as referenced in the GTECH Master Contract.

26 SECTION 11. This act shall take effect upon passage, except for section 6. With respect  
27 to Twin River, this Section 6 shall take effect only if Casino Gaming at Twin River is approved  
28 statewide and by the Town of Lincoln pursuant to Article 25, Chapter 151, Section 4 of the Public  
29 Laws of 2011. With respect to Newport Grand, this Section 6 shall take effect only if Casino  
30 Gaming at Newport Grand is approved statewide and by the City of Newport pursuant to Section  
31 1 of Chapters 24 and 25 of the Public Laws of 2012. Voter approval or non-approval with respect  
32 to one facility shall be independent of voter approval or non-approval with respect to the other  
33 facility.

=====  
LC02714  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO REVENUE PROTECTION

\*\*\*

1           This act would make several amendments regarding gaming in Rhode Island, and  
2 specifically table. The act would provide for the regulation of table gaming. The act also would  
3 revise the allocation of revenue in the event table gaming is approved at Newport Grand and/or  
4 Twin River by appropriate vote.

5           This act would take effect upon passage, except for section 6. With respect to Twin  
6 River, this Section 6 shall take effect only if Casino Gaming at Twin River is approved statewide  
7 and by the Town of Lincoln pursuant to Article 25, Chapter 151, Section 4 of the Public Laws of  
8 2011. With respect to Newport Grand, this Section 6 shall take effect only if Casino Gaming at  
9 Newport Grand is approved statewide and by the City of Newport pursuant to Section 1 of  
10 Chapters 24 and 25 of the Public Laws of 2012. Voter approval or non-approval with respect to  
11 one facility shall be independent of voter approval or non-approval with respect to the other  
12 facility.

=====  
LC02714  
=====