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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

ENABLING THE STATE LOTTERY DIVISION OF THE DEPARTMENT OF REVENUE TO
CONTRACT WITH IGT GLOBAL SOLUTIONS CORPORATION AND TWIN RIVER

Introduced By: Senators Ruggerio, Goodwin, McCaffrey, Conley, and Lynch Prata

Date Introduced: February 11, 2020

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The purpose of this act is, among other things: (a) To authorize the
2 State Lottery Division of the Department of Revenue (the "Division") to agree to an extension of
3 the Division's partnership with IGT Global Solutions Corporation, a Delaware corporation ("IGT"),
4 including maintaining a regional headquarters in the City of Providence, Rhode Island; and (b) To
5 authorize the Division to agree to an extension of the Division's partnership with the Rhode Island
6 Affiliates of Twin River Worldwide Holdings, Inc., a Delaware corporation ("TRWH"), including
7 an expansion of the Lincoln Gaming Facility. This act shall be liberally construed to effectuate its
8 purposes.

9 SECTION 2. Definitions.

10 (a) In this act, capitalized terms not otherwise defined shall have the meanings given them
11 in Section 42-61.2-1 of the General Laws as of the effective date of this act after giving effect to
12 the amendments thereto pursuant to Section 5 of this act.

13 (b) In this act:

14 (1) "Affiliate" means a Person that directly, or indirectly through one or more
15 intermediaries, controls, is controlled by or is under common control with a Person;

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

1 (3) "Eligible Third Party" means any Person which (acting jointly with IGT or TRWH or
2 at the direction of IGT or TRWH (as applicable)) owns, leases or finances any of the IGT
3 Investment Obligation Assets (as defined in Section 3(a)(ix)(A) of this act) or the assets associated
4 with the Twin River Investment Obligation (as defined in Section 10 of this act);

5 (4) "FTE" means a full time equivalent employee, which, for the purposes of this
6 Agreement, shall mean 2,080 hours of employment of one or more individuals in a year by IGT or
7 an Affiliate employed in the State, which hours of employment shall include vacation time, sick
8 time, disability time, personal time or other time for which an employer in the State must pay the
9 employee. For purposes of this Agreement, "FTE" shall include, without limitation, employees of
10 outsourcing and consulting service providers and temporary employees retained through an
11 employment agency in the State. For employees who are not paid on an hourly basis, each full-time
12 salaried employee employed for a full year shall be deemed to work 2,080 hours per year, and each
13 salaried part-time employee shall be deemed to work a proportionate share of the 2,080 hours based
14 on the hourly commitment set forth in such employee's job description. The hours attributed to
15 salaried employees shall be prorated for any employees who are employed for less than a full year.

16 (5) "IGT Master Contract" means the Master Contract dated as of May 12, 2003 by and
17 between the Division and IGT, as amended (authorized pursuant to Chapter 33 of the 2003 Public
18 Laws);

19 (6) "Joint Venture" means a Delaware limited liability company to be owned by IGT or
20 Affiliates of IGT and TRWH or Affiliates of TRWH and controlled by IGT or an Affiliate of IGT,
21 which Joint Venture shall be regulated by the Division as a Technology Provider; and

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

27 SECTION 3. [Authorization and empowerment of State Lottery Division with respect to](#)
28 [IGT](#). Notwithstanding any provisions of the General Laws of the state or regulations adopted
29 thereunder to the contrary, including, without limitation, the provisions of Chapter 2 of Title 37,
30 Chapter 61 of Title 42, and Chapter 64 of Title 42, the Division is hereby authorized and
31 empowered:

32 (a) To enter into an amendment (the "IGT Master Contract Amendment") to the IGT Master
33 Contract, which shall extend the term of the IGT Master Contract under the terms and conditions
34 set forth therein, as amended pursuant to Section 3 and Section 4 of this act and as may be otherwise

1 amended in accordance with its terms, through June 30, 2043 (the "Extended Expiration Date"),
2 and shall, among other matters:

3 (i) Extend the term of the On-Line Gaming Agreement dated as of January 29, 1997 by and
4 between IGT and the Division, as amended (including, without limitation, by Section 11 of the IGT
5 Master Contract) (the "On-Line Lottery Agreement"), under the terms and conditions set forth
6 therein, as amended pursuant to Section 3 and Section 4 of this act and as may be otherwise
7 amended in accordance with its terms, through the Extended Expiration Date;

8 (ii) Extend the term of the Video Lottery Central Computer System Agreement dated as of
9 December 20, 2001 by and between IGT and the Division, as amended (including, without
10 limitation, by Section 12 of the IGT Master Contract) (the "Video Lottery Agreement"), under the
11 terms and conditions set forth therein, as amended pursuant to Section 4 of this act and as may be
12 otherwise amended in accordance with its terms, through the Extended Expiration Date;

13 (iii) Extend the term of the Video Lottery Terminal Technology Provider License
14 Agreement dated as of September 28, 2000 by and between IGT and the Division, as amended
15 (including, without limitation, by Section 13 of the IGT Master Contract) (the "VLT Agreement"),
16 under the terms and conditions set forth therein, as amended pursuant to Section 4 of this act and
17 as may be otherwise amended in accordance with its terms, through the Extended Expiration Date;

18 (iv) Extend the term of the Instant Ticket Vending Machine Agreement dated October 21,
19 1999 between IGT and the Division (the "Instant Ticket Vending Machine Agreement"), as
20 amended (including, without limitation, pursuant to Section 8.2 of the IGT Master Contract), under
21 the terms and conditions set forth therein, as may be otherwise amended in accordance with its
22 terms, through the Extended Expiration Date;

23 (v) Extend the term of the Instant Ticket Agreement dated as of June 30, 2016 by and
24 between the Division and IGT (the "Instant Ticket Agreement"), as amended, under the terms and
25 conditions set forth therein, as may be otherwise amended in accordance with its terms, through
26 the Extended Expiration Date;

27 (vi) Extend the term of the Website Services Agreement dated as of January 9, 2019 by
28 and between the Division and IGT (the "Website Services Agreement") under the terms and
29 conditions set forth therein, as may be otherwise amended in accordance with its terms, through
30 the Extended Expiration Date;

31 (vii) Provide for the purchase by IGT from the Division for the price of twenty-five million
32 dollars (\$25,000,000) (the "Second Intangible Asset Purchase Price"), twelve million five hundred
33 thousand dollars (\$12,500,000) of which shall be paid on or before June 30, 2022 and twelve
34 million five hundred thousand dollars (\$12,500,000) of which shall be paid on or before June 30,

1 2023, of the right of IGT to be the exclusive provider to the Division of products and services
2 (except with respect to Online sports wagering as otherwise provided by the First Amendment to
3 the Sports Betting Agreement effective on or about July 5, 2019 between the Division and IGT, a
4 Nevada corporation, as amended from time to time) pertaining to:

5 (A) Online lottery systems, online lottery terminals and related equipment;

6 (B) Central communication systems;

7 (C) Video Lottery Terminals for the period commencing on January 1, 2022 (the "JV
8 Effective Date") and expiring on the Extended Expiration Date (with such exclusive rights to be
9 exercised solely through the Joint Venture pursuant to the assignment effected by the Assignment
10 and Assumption Agreement (as defined in Section 3(b)(ii) of this act) for the period commencing
11 on the JV Effective Date and expiring on the Extended Expiration Date);

12 (D) Instant ticket vending machines;

13 (E) Instant tickets;

14 (F) The processing of on line, instant ticket and video lottery transactions;

15 (G) "iLottery" games (traditional online lottery and instant ticket lottery games made
16 available to players through the use of the internet through computers, mobile applications on
17 mobile devices or other interactive devices approved by the Division);

18 Notwithstanding subparagraphs (A) through (G) above, the payment of the Second
19 Intangible Asset Purchase Price shall not entitle IGT to the right to be the exclusive provider of
20 games (other than traditional online lottery and instant ticket lottery games) through the use of the
21 internet through computers, mobile applications on mobile devices or other interactive devices
22 approved by the Division;

23 (viii) Provide that:

24 (A) The rates pursuant to which the Division is obligated to compensate IGT pursuant to
25 the On-Line Lottery Agreement shall be as follows:

26 Annual Sales	Rate
27 Sales to \$275 million	5.00%
28 Sales from above \$275 million to \$400 million	4.00%
29 Sales above \$400 million	5.00%

30 (B) The rates pursuant to which the Division is obligated to compensate IGT pursuant to
31 the Video Lottery Agreement, the Instant Ticket Vending Machine Agreement, the Instant Ticket
32 Agreement and the Website Services Agreement shall remain unchanged;

33 (C) The rates pursuant to which the Division is obligated to compensate IGT prior to the
34 JV Effective Date and the Joint Venture from and after the JV Effective Date pursuant to the VLT

1 Agreement shall remain unchanged;

2 (ix) Obligate IGT to, among other matters:

3 (A) Invest or cause to be invested by an Affiliate or an Eligible Third Party in the aggregate
4 at least one hundred fifty million dollars (\$150,000,000) in the state (the "Second IGT Investment
5 Obligation") in connection with acquiring interests in real property, leasehold improvements of real
6 property and assets acquired in connection with the performance of obligations under the IGT
7 Master Contract, as amended by the IGT Master Contract Amendment (the "IGT Amended Master
8 Contract"), including, without limitation: (1) The second intangible asset purchase price; (2) Video
9 Lottery Terminals purchased by IGT and Affiliates of IGT during the period commencing on July
10 1, 2019 and expiring on December 31, 2021; (3) Video Lottery Terminals purchased by the Joint
11 Venture during the period commencing on the JV Effective Date and expiring on the Extended
12 Expiration Date (including, without limitation, Video Lottery Terminals sold by IGT and other
13 Affiliates of IGT); and (4) Goods acquired in connection with the business operations of IGT or
14 any Affiliate of IGT in the state (the "IGT Investment Obligation Assets"); provided, however, in
15 no event shall IGT receive credit toward performance of the Second IGT Investment Obligation
16 more than once in connection with any acquisition;

17 (B) Employ, cause to be employed by an Affiliate or a Person providing outsourcing,
18 technology consulting or temporary employment services to IGT or an Affiliate, or cause to be self-
19 employed in the state during each calendar year commencing with 2021 at least one thousand one
20 hundred (1,100) full-time equivalent employees (the "Minimum Number of FTEs") calculated in
21 accordance with the methodology as defined in Section 2(b)(4) of this act established for the
22 purposes of the Development Agreement between IGT and the Rhode Island Commerce
23 Corporation in effect as of June 1, 2020, at compensation rates not less than one hundred fifty
24 percent (150%) of the minimum wage in effect from time to time pursuant to Section 28-12-3 of
25 the General Laws(the "Employment Obligation");

26 (C) Pay, or cause to be paid by Affiliates or Persons providing outsourcing, technology
27 consulting or temporary employment services to IGT or an Affiliate, to employees and independent
28 contractors employed or caused to be self-employed in the state during each calendar year
29 commencing with 2021 aggregate compensation (which shall include pre-tax deductions made on
30 behalf of employees) (the "Annual Actual Compensation") not less than the product of: (1) One
31 thousand one hundred (1,100); (2) Two thousand eighty (2,080); and (3) Two hundred fifty percent
32 (250%) of the minimum wage in effect from time to time pursuant to Section 28-12-3 of the General
33 Laws (the "Annual Compensation Obligation");

34 (D) Provide to the Division an annual certification on or before May 1 of each year

1 certifying that IGT is in compliance with its Employment Obligation for the prior calendar year.
2 In addition, IGT shall provide to the Division an annual certification on or before May 1 of each
3 year certifying that IGT is in compliance with its Annual Compensation Obligation for the prior
4 calendar year; and

5 (E) Not fewer than ninety (90) days prior, inform the Division each time IGT plans to locate
6 in another state, or relocate from one state to another state thirty (30) or more full-time existing or
7 new employees that IGT or an Affiliate is not contractually obligated to locate in or relocate to
8 another state to give the Division the opportunity to make a proposal to IGT that IGT locate in or
9 relocate to the state such employees (the "Employee Location Obligation");

10 (x) Grant the Division the right to terminate the IGT Amended Master Contract if IGT fails
11 to perform: the Second IGT Investment Obligation; the Employment Obligation; the Annual
12 Compensation Obligation; or the Employee Location Obligation in addition to any rights the
13 Division has to terminate the On-Line Lottery Agreement, the Video Lottery Agreement, the VLT
14 Agreement, the Instant Ticket Vending Machine Agreement, the Instant Ticket Agreement and the
15 Website Services Agreement;

16 (xi) Notwithstanding the remedies provided in section 3(a)(x), the Division shall have the
17 right to:

18 (A) Grant the Division the right to assess liquidated damages against IGT if the average
19 number of full-time equivalent employees (the "LD FTE Average") for each period of two
20 consecutive calendar years commencing with the two-year period expiring on December 31, 2022,
21 and tested annually thereafter, is less than the Minimum Number of FTEs. Said liquidated damages
22 shall be equal to the product of: (1) the difference between the Minimum Number of FTEs and the
23 LD FTE Average and (2) six thousand four hundred dollars (\$6,400); and

24 (B) Grant the Division the right to assess liquidated damages against IGT if, for each period
25 of two consecutive calendar years commencing with the two-year period expiring on December 31,
26 2022, and tested annually thereafter, the average of the Annual Actual Compensation for such
27 period (the "LD Compensation Average") is less than the average of the Annual Compensation
28 Obligation for such period (the "LD Obligation Average"). Said liquidated damages shall be in an
29 amount equal to the product of: (1) twenty percent (20%) and (2) the difference between the LD
30 Obligation Average for such period and the LD Compensation Average for such period;

31 (xii) Provide that the provisions regarding the Video Lottery Terminal efficiency process
32 would be of no further force and effect for the period commencing on the JV Effective Date and
33 expiring on the Extended Expiration Date, subject to the provisions of Section 4 of this act; and

34 (xiii) Contain such other terms and conditions as the Division and IGT may agree; and

1 (b) To consent to:

2 (i) The irrevocable assignment by IGT to the Joint Venture of:

3 (A) The right to be the exclusive Technology Provider for the period commencing on the
4 JV Effective Date and expiring on the Extended Expiration Date; and

5 (B) The VLT Agreement, as modified solely by the IGT Master Contract Amendment (the
6 "Amended VLT Agreement"); and

7 (ii) The assumption by the Joint Venture of the obligations of IGT under the Amended
8 VLT Agreement pursuant to an assignment and assumption agreement between IGT and the Joint
9 Venture (the "Assignment and Assumption Agreement"), the terms of which shall be subject to the
10 review and approval of the Division.

11 (c) Nothing in this act shall be deemed to affect the authority of the Division to regulate
12 the Joint Venture as a Technology Provider.

13 SECTION 4. [Additional provisions regarding the IGT Master Contract Amendment](#). The
14 IGT Master Contract Amendment shall also include, but not be limited to, provisions that require
15 IGT or the Joint Venture (as applicable) to:

16 (a) With respect to Video Lottery Terminals:

17 (1) Regularly update or replace hardware and software; (2) Annually replace a minimum
18 of six percent (6%) of the Video Lottery Terminals; (3) Provide a minimum of five percent (5%)
19 of the Video Lottery Terminals with premium or royalty games with such Video Lottery Terminals
20 performing at less than one hundred fifty percent (150%) of floor average for any calendar year
21 subject to review by the Division for replacement or modification; (4) For the period commencing
22 on the JV Effective Date and expiring on the Extended Expiration Date, (a) cause the Joint Venture
23 to remove five percent (5%) of the Video Lottery Terminals provided as of December 31 of the
24 preceding year supplied by each supplier to the Joint Venture whose ratio of: (i) The ratio of: (A)
25 The aggregate Net Terminal Income generated by the Video Lottery Terminals supplied by such
26 supplier and provided by the Joint Venture during the first thirteen (13) weeks of each calendar
27 year to (B) The aggregate Net Terminal Income generated by the Video Lottery Terminals provided
28 by the Joint Venture during such period to; (ii) The ratio of: (A) The number of Video Lottery
29 Terminals supplied by such supplier and provided by the Joint Venture to (B) The total number of
30 Video Lottery Terminals provided by the Joint Venture is less than ninety seven percent (97%);
31 provided, however, that (x) no more than 40% of the Video Lottery Terminals installed at the
32 Lincoln Gaming Facility and no more than 40% of the Video Lottery Terminals installed at the
33 Tiverton Gaming Facility on the JV Effective Date shall be Video Lottery Terminals manufactured
34 by IGT or an Affiliate of IGT and (y) Video Lottery Terminals manufactured by IGT or an Affiliate

1 of IGT shall not be subject to removal for calendar years 2022, 2023 and 2024 and (b) nothing in
2 this act shall limit the authority of the Division to approve the Video Lottery Terminals and Video
3 Lottery Games provided by the Joint Venture and which Video Lottery Terminals provided by the
4 Joint Venture are installed at which locations in the Lincoln Gaming Facility and the Tiverton
5 Gaming Facility; and (5) For each Marketing Year occurring during the period commencing on
6 July 1, 2020 and expiring on the Extended Expiration Date, waive its claims against the Division
7 arising from or in connection with the Consolidated Promotional Points Program, provided that the
8 aggregate amount of Promotional Points issued in such Marketing Year does not exceed the sum
9 of: (a) twenty percent (20%) of the aggregate Net Terminal Income for the Lincoln Gaming Facility
10 and the Tiverton Gaming Facility for the Prior Marketing Year and (b) one million five hundred
11 thousand dollars (\$1,500,000); and

12 (b) With respect to IGT's online lottery systems and central communication systems,
13 update and replace hardware and software on schedules agreed to by the Division and IGT in the
14 IGT Master Contract Amendment, as amended from time to time.

15 SECTION 5.

16 (a) Section 42-61.2-1 of the General Laws in Chapter 42-61.2 entitled "Video-Lottery
17 Games, Table Games and Sports Wagering" is hereby amended to read as follows:

18 **42-61.2-1. Definitions.**

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

20 (1) "2017 Budget Act" means 2017 – H 5175 Substitute A, as amended, entitled "An Act
21 Relating to Making Appropriations for the Support of the State for the Fiscal Year ending June 30,
22 2018," which Act was signed into law by the Governor of Rhode Island on August 3, 2017.

23 ~~(1)~~(2) "Casino gaming" means any and all table and casino-style games played with cards,
24 dice, or equipment, for money, credit, or any representative of value; including, but not limited to,
25 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or any
26 other game ~~or~~ or device included within the definition of Class III gaming as that term is defined
27 in Section 2703(8) of Title 25 of the United States Code and that is approved by the state through
28 the division of state lottery.

29 ~~(2)~~(3) "Central communication system" means a system approved by the ~~lottery division~~
30 Division, linking all ~~video lottery machines~~ Video Lottery Terminals at a ~~licensee~~ licensed video
31 lottery retailer location to provide auditing program information and any other information
32 determined by the ~~lottery~~ Division. In addition, the central communications system must provide
33 all computer hardware and related software necessary for the establishment and implementation of
34 a comprehensive system as required by the ~~division~~ Division. ~~The central communications licensee~~

1 ~~may provide a maximum of fifty percent (50%) of the video lottery terminals.~~

2 ~~(3)~~(4) "Collegiate sports or athletic event" shall not include a collegiate sports contest or
3 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in
4 which any Rhode Island college team participates regardless of where the event takes place.

5 (5) "Consolidated promotional points program" means, collectively, the "Initial
6 Promotional Points Program" and the "Supplementary Promotional Points Program" applicable to
7 the Lincoln gaming facility and the "Initial Promotional Points Program" and the "Supplementary
8 Promotional Points Program" applicable to the Tiverton gaming facility, with each of the terms
9 "Initial Promotional Points Program" and "Supplementary Promotional Points Program" having the
10 meanings given such terms in the 2017 Budget Act.

11 ~~(4)~~(6) "Credit facilitator" means any employee of a licensed ~~video lottery~~ video lottery
12 retailer approved in writing by the ~~division~~ Division whose responsibility is to, among other things,
13 review applications for credit by players, verify information on credit applications, grant, deny, and
14 suspend credit, establish credit limits, increase and decrease credit limits, and maintain credit files,
15 all in accordance with this chapter and rules and regulations approved by the ~~division~~ Division.

16 ~~(5)~~(7) "DBR" means the department of business regulation, division of gaming and
17 athletics licensing, and/or any successor in interest thereto.

18 ~~(6)~~(8) "Director" means the director of the ~~division~~ Division.

19 ~~(7)~~(9) "Division," ~~"division of lottery," "division of lotteries," or "lottery division"~~ means
20 ~~the division of lotteries within~~ the state lottery division of the department of revenue and/or any
21 successor in interest thereto.

22 ~~(8)~~(10) "Hosting facility" refers to ~~Twin River~~ the Lincoln gaming facility and the Tiverton
23 gaming facility.

24 (11) "IGT" means IGT Global Solutions Corporation, a Delaware corporation.

25 ~~(9)~~(12) "Licensed ~~video lottery~~ video lottery retailer" means a pari-mutuel licensee
26 specifically licensed by the ~~director~~ Director subject to the approval of the ~~division~~ Division to
27 become a licensed ~~video lottery~~ video lottery retailer.

28 (13) "Lincoln gaming facility" means the gaming and entertainment facility located at 100
29 Twin River Road in the town of Lincoln, Rhode Island (sometimes referred to as "Twin River" or
30 the "Twin River gaming facility").

31 (14) "Marketing Year" means the fiscal year of the state.

32 ~~(10)~~(15) "Net table-game revenue" means win from table games minus counterfeit
33 currency.

34 ~~(11)~~(16) "Net terminal income" means currency placed into a ~~video lottery terminal~~ Video-

1 Lottery Terminal less credits redeemed for cash by players.

2 ~~(12)~~(17) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
3 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee
4 of Newport Grand, LLC under the Newport Grand Master Contract, including, ~~but not limited to~~
5 without limitation, Premier ~~Entertainment II, LLC~~ (as defined in subsection (25) of this section)
6 and/or Twin River-Tiverton, ~~LLC~~, (as defined in subsection (40) of this section) provided it is a
7 pari-mutuel licensee (as defined in § Section 42-61.2-1 et seq.); provided, further, however, where
8 the context indicates that the term is referring to the physical facility, then it shall mean the gaming
9 and entertainment facility located at 150 Admiral Kalbfus Road, Newport, Rhode Island.

10 ~~(13)~~(18) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
11 thereof between November 23, 2010, and the termination date of the Newport Grand Master
12 Contract.

13 ~~(14)~~(19) "Newport Grand Master Contract" means that certain master ~~video lottery video~~
14 lottery terminal contract made as of November 23, 2005, by and between the division of lotteries
15 of the Rhode Island department of administration and Newport Grand, as amended and extended
16 from time to time as authorized therein and/or as such Newport Grand Master Contract may be
17 assigned as permitted therein.

18 ~~(15)~~(20) "Online gaming account" means an account established at a hosting facility and
19 opened by a patron in person on the premises of a hosting facility that a patron shall use for the
20 deposit and withdrawal of funds used for online sports wagering.

21 ~~(16)~~(21) "Online sports wagering" means engaging in the act of sports wagering by the
22 placing of wagers on sporting events or a combination of sporting events, or on the individual
23 performance statistics of athletes in a sporting event or a combination of sporting events, over the
24 internet through computers, mobile applications on mobile devices or other interactive devices
25 approved by the ~~division~~ Division, which wagers are accepted by a server-based gaming system
26 located at the premises of a hosting facility authorized to accept sports wagers and administer
27 payoffs of winning sports wagers; all such wagers shall be deemed to be placed and accepted at the
28 premises of a hosting facility.

29 ~~(17)~~(22) "Online sports-wagering revenue" means:

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

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

33 (II) Marketing expenses related to online sports wagering as agreed to by the ~~division~~
34 Division, the sports-wagering vendor, and the host facilities, as approved by the ~~division of the~~

1 ~~lottery~~ Division; and

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

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

4 (I) Counterfeit cash.

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

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

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

13 ~~(18)~~(23) "Pari-mutuel licensee" means:

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

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

16 ~~(19)~~(24) "Payoff," when used in connection with sports wagering, means cash or cash
17 equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type
18 of "prize," as the term "prize" is used in chapters 61, 61.2, and 61.3 of this title.

19 ~~(20)~~(25) "Premier" means Premier Entertainment II, LLC and/or its successor in interest
20 by reason of the acquisition of the stock, membership interests, or substantially all of the assets of
21 such entity.

22 (26) "Prior marketing year," means, with respect to a marketing year, the most recent
23 previous marketing year during which the Division operated a majority of the authorized video
24 lottery games at each of the Lincoln gaming facility and the Tiverton gaming facility for at least
25 360 days (or 361 days in the case there are 366 days in such marketing year). For the avoidance of
26 doubt, because the Division will not have operated a majority of the authorized video lottery games
27 at the Lincoln gaming facility and at the Tiverton gaming facility for at least 361 days during the
28 marketing year expiring on June 30, 2020, the prior marketing year with respect to the marketing
29 year expiring on June 30, 2021 shall be the marketing year expiring on June 30, 2019.

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

31 ~~(21)~~(28) "Rake" means a set fee or percentage of cash and chips representing cash wagered
32 in the playing of a nonbanking table game assessed by a table games retailer for providing the
33 services of a dealer, gaming table, or location, to allow the play of any nonbanking table game.

34 ~~(22)~~(29) "Server-based gaming system" means all hardware, software, and

1 communications devices that comprise a system utilized for the purpose of offering an electronic
2 platform used in connection with the process of placing and accepting sports wagers.

3 ~~(23)~~(30) "Sporting event" means any professional sport or athletic event, any Olympic or
4 international sports competition event, and any collegiate sport or athletic event, or any portion
5 thereof, including, but not limited to, the individual performance statistics of athletes in a sports
6 event or combination of sports events, except "sports event" shall not include a prohibited sports
7 event.

8 ~~(24)~~(31) "Sports wagering" means the business of accepting wagers on sporting events or
9 a combination of sporting events, or on the individual performance statistics of athletes in a sporting
10 event or combination of sporting events, by any system or method of wagering. The term includes,
11 but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets,
12 and the term includes the placement of such bets and wagers. However, the term does not include,
13 without limitation, the following:

14 (i) Lotteries, including ~~video lottery~~ video lottery games and other types of casino gaming
15 operated by the state, through the ~~division~~ Division, ~~on the date this act is enacted~~ as of June 22,
16 2018}.

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

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

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

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

28 ~~(25)~~(32) "Sports-wagering device" means any mechanical, electrical, or computerized
29 contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the
30 ~~division~~ Division and used to conduct sports wagering.

31 ~~(26)~~(33) "Sports-wagering revenue" means:

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

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

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

1 (III) Marketing expenses related to sports wagering as agreed to by the ~~division~~ [Division](#),
2 the sports-wagering vendor, and the host facilities, as approved by the ~~division of the lottery~~
3 [Division](#); and

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

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

6 (I) Counterfeit cash.

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

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

11 (IV) Free play provided by the hosting facility or sports-wagering vendor as authorized by
12 the ~~division of lottery~~ [Division](#) to a patron and subsequently "won back" by the hosting facility or
13 sports-wagering vendor, for which the hosting facility or sports-wagering vendor can demonstrate
14 that it or its affiliate has not been reimbursed in cash.

15 ~~(27)~~[\(34\)](#) "Sports-wagering vendor" means any entity authorized by the ~~division of lottery~~
16 [Division](#) to operate sports betting on the ~~division's~~ [Division's](#) behalf in accordance with this chapter.

17 ~~(28)~~[\(35\)](#) "Table game" or "Table gaming" means that type of casino gaming in which table
18 games are played for cash or chips representing cash, or any other representation of value that has
19 been approved by the ~~division of lotteries~~ [Division](#), using cards, dice, or equipment and conducted
20 by one or more live persons.

21 ~~(29)~~[\(36\)](#) "Table-game retailer" means a retailer authorized to conduct table gaming
22 pursuant to [§ Section](#) 42-61.2-2.1 or [§ Section](#) 42-61.2-2.3.

23 ~~(30)~~[\(37\)](#) "Technology provider" means any individual, partnership, corporation, or
24 association that designs, manufactures, installs, maintains, distributes, or supplies ~~video lottery~~
25 ~~machines~~ [Video-Lottery Terminals](#) or associated equipment for the sale or use in this state.

26 ~~(31)~~[\(38\)](#) "Tiverton gaming facility" ~~(sometimes referred to as "Twin River Tiverton")~~
27 means the gaming and entertainment facility located ~~in the town of Tiverton~~ at the intersection of
28 William S. Canning Boulevard and Stafford Road [in the town of Tiverton, Rhode Island](#)
29 [\(sometimes referred to as "Twin River-Tiverton"\)](#).

30 ~~(32)~~[\(39\)](#) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware
31 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided ~~further~~,
32 however, where the context indicates that the term is referring to a physical facility, then "Twin
33 River" ~~or "Twin River gaming facility"~~ shall mean the ~~gaming and entertainment facility located at~~
34 ~~100 Twin River Road in Lincoln, Rhode Island~~ [Lincoln gaming facility](#).

1 ~~(33)~~(40) "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in
2 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
3 assets of such entity; provided, however, where the context indicates that the term is referring to a
4 physical facility, then "Twin River-Tiverton" shall mean the Tiverton gaming facility.

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

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

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

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

17 ~~(34)~~(45) "Video-lottery games" means lottery games played on ~~video lottery terminals~~
18 Video Lottery Terminals controlled by the ~~lottery division~~ Division.

19 ~~(35)~~(46) ~~"Video lottery terminal"~~ "Video lottery terminal" means any electronic
20 computerized video game machine that, upon the insertion of cash or any other representation of
21 value that has been approved by the ~~division of lotteries~~ Division, is available to play a video game
22 authorized by the ~~lottery division~~ Division, and that uses a video display and microprocessors in
23 which, by chance, the player may receive free games or credits that can be redeemed for cash. The
24 term does not include a machine that directly dispenses coins, cash, or tokens.

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

28 (b) Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video-Lottery
29 Games, Table Games and Sports Wagering" is hereby amended to read as follows:

30 **42-61.2-7. Division of revenue.**

31 (a) Notwithstanding the provisions of § Section 42-61-15, the allocation of net, terminal
32 income derived from ~~video lottery~~ video lottery games is as follows:

33 (1) For deposit in the general fund and to the ~~state lottery division~~ Division fund for
34 administrative purposes: Net, terminal income not otherwise disbursed in accordance with

1 subdivisions (a)(2) -- (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2)
2 and (h)(2);

3 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent
4 (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally allocated to
5 the distressed communities (as defined in [§ Section 45-13-12](#)) provided that no eligible community
6 shall receive more than twenty-five percent (25%) of that community's currently enacted municipal
7 budget as its share under this specific subsection. Distributions made under this specific subsection
8 are supplemental to all other distributions made under any portion of ~~general laws~~ [§ General Laws](#)
9 [Section 45-13-12](#). For the fiscal year ending June 30, 2008, distributions by community shall be
10 identical to the distributions made in the fiscal year ending June 30, 2007, and shall be made from
11 general appropriations. For the fiscal year ending June 30, 2009, the total state distribution shall be
12 the same total amount distributed in the fiscal year ending June 30, 2008, and shall be made from
13 general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be
14 the same total amount distributed in the fiscal year ending June 30, 2009, and shall be made from
15 general appropriations, provided, however, that seven hundred eighty-four thousand four hundred
16 fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to each
17 qualifying distressed community. For each of the fiscal years ending June 30, 2011, June 30, 2012,
18 and June 30, 2013, seven hundred eighty-four thousand four hundred fifty-eight dollars (\$784,458)
19 of the total appropriation shall be distributed equally to each qualifying distressed community.

20 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
21 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of [§ Section](#)
22 [44-33-2.1](#) [repealed]. The maximum credit defined in subdivision [44-33-9\(2\)](#) shall increase to the
23 maximum amount to the nearest five dollar (\$5.00) increment within the allocation until a
24 maximum credit of five hundred dollars (\$500) is obtained. In no event shall the exemption in any
25 fiscal year be less than the prior fiscal year.

26 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund [§ Section 44-34.1-](#)
27 [1](#), entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
28 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
29 shall the exemption in any fiscal year be less than the prior fiscal year.

30 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
31 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
32 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of general
33 revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
34 distributions by community shall be identical to the distributions made in the fiscal year ending

1 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
2 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
3 funding shall be determined by appropriation.

4 (2) To the licensed, ~~video lottery~~ video lottery retailer:

5 (a)(i) Prior to the effective date of the Newport Grand Master Contract, Newport Grand
6 twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six
7 dollars (\$384,996);

8 (ii) On and after the effective date of the Newport Grand Master Contract, to the licensed,
9 ~~video lottery~~ video lottery retailer who is a party to the Newport Grand Master Contract, all sums
10 due and payable under said Master Contract, minus three hundred eighty-four thousand nine
11 hundred ninety-six dollars (\$384,996).

12 (iii) Effective July 1, 2013, the rate of net, terminal income payable to the licensed, ~~video-~~
13 ~~lottery~~ video lottery retailer who is a party to the Newport Grand Master Contract shall increase by
14 two and one quarter percent (2.25%) points. The increase herein shall sunset and expire on June
15 30, 2015, and the rate in effect as of June 30, 2013, shall be reinstated.

16 (iv)(A) Effective July 1, 2015, the rate of net terminal income payable to the licensed ~~video-~~
17 ~~lottery~~ video lottery retailer who is a party to the Newport Grand Master Contract shall increase
18 over the rate in effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e., x%
19 plus 1.9 percentage points equals (x + 1.9)%, where "x%" is the current rate of net terminal income
20 payable to the licensed, ~~video lottery~~ video lottery retailer who is a party to the Newport Grand
21 Master Contract). The dollar amount of additional net terminal income paid to the licensed ~~video-~~
22 ~~lottery~~ video lottery retailer who is a party to the Newport Grand Master Contract with respect to
23 any Newport Grand Marketing Year as a result of such increase in rate shall be referred to as
24 "Additional Newport Grand Marketing NTI."

25 (B) The excess, if any, of marketing expenditures incurred by the licensed, ~~video lottery~~
26 video lottery retailer who is a party to the Newport Grand Master Contract with respect to a
27 Newport Grand Marketing Year over one million four hundred thousand dollars (\$1,400,000) shall
28 be referred to as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport
29 Grand Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing
30 Year, the licensed, ~~video lottery~~ video lottery retailer who is a party to the Newport Grand Master
31 Contract shall pay to the Division the amount, if any, by which the Additional Newport Grand
32 Marketing NTI for such Newport Grand Marketing Year exceeds the Newport Grand Marketing
33 Incremental Spend for such Newport Grand Marketing Year; provided however, that such ~~video-~~
34 ~~lottery~~ video lottery retailer's liability to the Division hereunder with respect to any Newport Grand

1 Marketing Year shall never exceed the Additional Newport Grand Marketing NTI paid to such
2 ~~video-lottery~~ [video lottery](#) retailer with respect to such Newport Grand Marketing Year.

3 The increase in subsection 2(a)(iv) shall sunset and expire upon the commencement of the
4 operation of casino gaming at Twin River-Tiverton's facility located in the town of Tiverton, and
5 the rate in effect as of June 30, 2013, shall be reinstated.

6 (b)(i) Prior to the effective date of the UTGR master contract, to the present, licensed,
7 ~~video-lottery~~ [video lottery](#) retailer at Lincoln Park, which is not a party to the UTGR master
8 contract, twenty-eight and eighty-five one hundredths percent (28.85%), minus seven hundred
9 sixty-seven thousand six hundred eighty-seven dollars (\$767,687);

10 (ii) On and after the effective date of the UTGR master contract, to the licensed, ~~video-~~
11 ~~lottery~~ [video lottery](#) retailer that is a party to the UTGR master contract, all sums due and payable
12 under said master contract minus seven hundred sixty-seven thousand six hundred eighty-seven
13 dollars (\$767,687).

14 (3) Except for the period commencing on January 1, 2022 and expiring on June 30, 2043,

15 (i) To the technology providers that are not a party to the GTECH Master Contract as set
16 forth and referenced in P.L. 2003, ch. 32, seven percent (7%) of the net, terminal income of the
17 provider's terminals; in addition thereto, technology providers that provide premium or licensed
18 proprietary content or those games that have unique characteristics, such as 3D graphics; unique
19 math/game play features; or merchandising elements to ~~video-lottery~~ [video lottery](#) terminals may
20 receive incremental compensation, either in the form of a daily fee or as an increased percentage,
21 if all of the following criteria are met:

22 (A) A licensed, ~~video-lottery~~ [video lottery](#) retailer has requested the placement of premium
23 or licensed proprietary content at its licensed, ~~video-lottery~~ [video lottery](#) facility;

24 (B) The division of lottery has determined in its sole discretion that the request is likely to
25 increase net, terminal income or is otherwise important to preserve or enhance the competitiveness
26 of the licensed, ~~video-lottery~~ [video lottery](#) retailer;

27 (C) After approval of the request by the division of lottery, the total number of premium or
28 licensed, proprietary-content ~~video-lottery~~ [video lottery](#) terminals does not exceed ten percent
29 (10%) of the total number of ~~video-lottery~~ [video lottery](#) terminals authorized at the respective
30 licensed, ~~video-lottery~~ [video lottery](#) retailer; and

31 (D) All incremental costs are shared between the division and the respective licensed,
32 ~~video-lottery~~ [video lottery](#) retailer based upon their proportionate allocation of net terminal income.

33 The division of lottery is hereby authorized to amend agreements with the licensed, ~~video-lottery~~
34 [video lottery](#) retailers, or the technology providers, as applicable, to effect the intent herein.

1 (ii) To contractors that are a party to the master contract as set forth and referenced in P.L.
2 2003, ch. 32, all sums due and payable under said master contract; and

3 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from
4 the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred
5 thirty-seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii).
6 With respect to the period commencing on January 1, 2022 and expiring on June 30, 2043,

7 (i) To the exclusive technology provider, all sums due and payable under the VLT
8 Agreement;

9 (ii) Notwithstanding paragraph (i), there shall be subtracted from the payments to the
10 exclusive technology provider the sum of six hundred twenty-eight thousand seven hundred thirty-
11 seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii); and

12 (iii) To IGT, all sums due and payable under the Video Lottery Agreement.

13 (4)(A) Until ~~video-lottery~~ video lottery games are no longer operated at the Newport Grand
14 gaming facility located in Newport, to the city of Newport one and one hundredth percent (1.01%)
15 of net terminal income of authorized ~~machines~~ Video Lottery Terminals at Newport Grand, except
16 that effective November 9, 2009, until June 30, 2013, the allocation shall be one and two tenths
17 percent (1.2%) of net terminal income of authorized ~~machines~~ Video Lottery Terminals at Newport
18 Grand for each week the facility operates ~~video-lottery~~ video lottery games on a twenty-four-hour
19 (24) basis for all eligible hours authorized; and

20 (B) Upon commencement of the operation of ~~video-lottery~~ video lottery games at ~~Twin~~
21 ~~River-Tiverton's facility~~ the Tiverton gaming facility, ~~located in the town of Tiverton~~, to the town
22 of Tiverton one and forty-five hundredths percent (1.45%) of net terminal income of authorized
23 ~~machines~~ Video Lottery Terminals at the ~~licensed, video-lottery retailer's facility located in the~~
24 ~~town of Tiverton~~ Tiverton gaming facility, subject to subsection (g)(2); and

25 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal
26 income of authorized ~~machines~~ Video Lottery Terminals at ~~Twin-River~~ the Lincoln gaming facility
27 except that:

28 (i) Effective November 9, 2009, until June 30, 2013, the allocation shall be one and forty-
29 five hundredths percent (1.45%) of net terminal income of authorized ~~machines~~ Video Lottery
30 Terminals at ~~Twin-River~~ the Lincoln gaming facility for each week ~~video-lottery~~ video lottery
31 games are offered on a twenty-four-hour (24) basis for all eligible hours authorized; and

32 (ii) Effective July 1, 2013, provided that the referendum measure authorized by P.L. 2011,
33 ch. 151, article 25 as amended, section 4, is approved statewide and in the Town of Lincoln, the
34 allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of

1 authorized ~~video lottery terminals~~ Video Lottery Terminals at ~~Twin River~~ the Lincoln gaming
2 facility, subject to subsection (h)(2); and

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

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

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

17 (b) Notwithstanding the above, the amounts payable by the ~~division~~ Division to UTGR
18 related to the marketing program described in the UTGR master contract (as such may be amended
19 from time to time) shall be paid on a frequency agreed by the ~~division~~ Division, but no less
20 frequently than annually.

21 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
22 is authorized to fund the marketing program as described in the UTGR master contract.

23 (d) Notwithstanding the above, the amounts payable by the ~~division~~ Division to the
24 licensed, ~~video lottery~~ video lottery retailer who is a party to the Newport Grand Master Contract
25 related to the marketing program described in the Newport Grand Master Contract (as such may be
26 amended from time to time) shall be paid on a frequency agreed by the ~~division~~ Division, but no
27 less frequently than annually.

28 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
29 is authorized to fund the marketing program as described in the Newport Grand Master Contract.

30 (f) Notwithstanding the provisions of § Section 42-61-15, but subject to § Section 42-61.2-
31 7(h), the allocation of net, table-game revenue derived from table games at ~~Twin River~~ the Lincoln
32 gaming facility is as follows:

33 (1) For deposit into the state lottery fund for administrative purposes and then the balance
34 remaining into the general fund:

1 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § [Section](#) 42-
2 61.2-7(f)(1)(ii);

3 (ii) An additional two percent (2%) of net, table-game revenue generated at ~~Twin River~~ [the](#)
4 [Lincoln gaming facility](#) shall be allocated starting from the commencement of table games activities
5 by such table-game retailer and ending, with respect to such table-game retailer, on the first date
6 that such table-game retailer's net terminal income for a full state fiscal year is less than such table-
7 game retailer's net terminal income for the prior state fiscal year, at which point this additional
8 allocation to the state shall no longer apply to such table-game retailer.

9 (2) To UTGR, net, table-game revenue not otherwise disbursed pursuant to subsection
10 (f)(1); provided, however, on the first date that such table-game retailer's net terminal income for a
11 full state fiscal year is less than such table-game retailer's net terminal income for the prior state
12 fiscal year, as set forth in subsection (f)(1)(ii), one percent (1%) of this net, table-game revenue
13 shall be allocated to the town of Lincoln for four (4), consecutive state fiscal years.

14 (g) Notwithstanding the provisions of § [Section](#) 42-61-15, the allocation of net, table-game
15 revenue derived from table games at the Tiverton [gaming](#) facility ~~owned by Twin River Tiverton~~
16 is as follows:

17 (1) Subject to subsection (g)(2) of this section, one percent (1%) of net, table-game revenue
18 shall be allocated to the town of Tiverton;

19 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
20 the state first for deposit into the state lottery fund for administrative purposes and then the balance
21 remaining into the general fund; provided however, that beginning with the first state fiscal year
22 that ~~a facility in the town of~~ Tiverton [gaming facility](#) ~~owned by Twin River Tiverton~~ offers patrons
23 ~~video lottery~~ [video lottery](#) games and table games for all of such state fiscal year, for that state
24 fiscal year and each subsequent state fiscal year that such Tiverton [gaming](#) facility offers patrons
25 ~~video lottery~~ [video lottery](#) games and table games for all of such state fiscal year, if the town of
26 Tiverton has not received an aggregate of three million dollars (\$3,000,000) in the state fiscal year
27 from net, table-game revenues and net terminal income, combined, generated by ~~such~~ [the](#) Tiverton
28 [gaming](#) facility, then the state shall make up such shortfall to the town of Tiverton out of the state's
29 percentage of net, table-game revenue set forth in this subsection (g)(2) and net terminal income
30 set forth in subsections (a)(1) and (a)(6); provided further however, if in any state fiscal year either
31 ~~video lottery~~ [video lottery](#) games or table games are no longer offered at ~~a facility in the town of~~
32 Tiverton [gaming facility](#), ~~owned by Twin River Tiverton, LLC~~, then the state shall not be obligated
33 to make up the shortfall referenced in this subsection (g)(2); and

34 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and

1 (g)(2) of this section shall be allocated to Twin River-Tiverton.

2 (h) Notwithstanding the foregoing ~~§ Section~~ [Section](#) 42-61.2-7(f) and superseding that section
3 effective upon the first date that ~~a facility in the town of~~ Tiverton [gaming facility](#) ~~owned by Twin~~
4 ~~River-Tiverton~~ offers patrons ~~video lottery~~ [video lottery](#) games and table games, the allocation of
5 net, table-game revenue derived from table games at ~~the Twin River in~~ Lincoln [gaming facility](#)
6 shall be as follows:

7 (1) Subject to subsection (h)(2), one percent (1%) of net, table-game revenue shall be
8 allocated to the town of Lincoln;

9 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
10 the state first for deposit into the state lottery fund for administrative purposes and then the balance
11 remaining into the general fund; provided however, that beginning with the first state fiscal year
12 that ~~a facility in the town of Tiverton owned by Twin River-Tiverton~~ [the Tiverton gaming facility](#)
13 offers patrons ~~video lottery~~ [video lottery](#) games and table games for all of such state fiscal year, for
14 that state fiscal year and each subsequent state fiscal year that ~~such the~~ Tiverton [gaming](#) facility
15 offers patrons ~~video lottery~~ [video lottery](#) games and table games for all of such state fiscal year, if
16 the town of Lincoln has not received an aggregate of three million dollars (\$3,000,000) in the state
17 fiscal year from net, table-game revenues and net terminal income, combined, generated by the
18 ~~Twin River facility in~~ Lincoln [gaming facility](#), then the state shall make up such shortfall to the
19 town of Lincoln out of the state's percentage of net, table-game revenue set forth in this subsection
20 (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided further however,
21 if in any state fiscal year either ~~video lottery~~ [video lottery](#) games or table games are no longer
22 offered at ~~a facility in the town of~~ Tiverton [gaming facility](#), ~~owned by Twin River-Tiverton, LLC,~~
23 then the state shall not be obligated to make up the shortfall referenced in this subsection (h)(2);
24 and

25 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and
26 (h)(2) shall be allocated to UTGR.

27 SECTION 6. [Authorization and Empowerment of State Lottery Division with respect to](#)
28 [Twin River](#). Notwithstanding any provisions of the General Laws of the state or regulations adopted
29 thereunder to the contrary, including, without limitation, the provisions of chapter 2 of title 37,
30 chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby authorized and empowered
31 to enter into an amendment to the UTGR Master Contract, or an amended and restated UTGR
32 Master Contract (the "UTGR Master Contract Amendment"), which shall:

33 (1) Extend the term of the UTGR Master Contract through the Extended Expiration Date
34 under the terms and conditions set forth therein, as amended pursuant to this Section 6 and as may

1 be otherwise amended in accordance with its terms;

2 (2) To obligate Twin River to build a fifty thousand (50,000) square foot expansion of the
3 Lincoln Gaming Facility, which expansion shall be reviewed and approved by the Division;

4 (3) To obligate Twin River (directly or through another affiliate of TRWH) to lease at least
5 twelve thousand (12,000) square feet of commercial space in Providence through at least the
6 Extended Expiration Date (the "Twin River Providence Lease Obligation");

7 (4) To grant the Division the right to terminate the UTGR Master Contract if:

8 (i) TRWH (directly or through another Affiliates of TRWH) fails to perform the Twin
9 River Investment Obligation; or (ii) Twin River fails to perform the Twin River Providence Lease
10 Obligation, in addition to any rights the Division has to terminate the UTGR Master Contract; and

11 (5) With the prior approval of the Division, consolidate the Initial Promotional Points
12 Program and the Supplementary Promotional Points Program applicable to the Lincoln Gaming
13 Facility and the Initial Promotional Points Program and the Supplementary Promotional Points
14 Program applicable to the Tiverton Gaming Facility into the Consolidated Promotional Points
15 Program, and further provide that Twin River and Twin River-Tiverton, collectively, and not each
16 individually, may issue to customers and prospective customers of the Lincoln Gaming Facility
17 and/or the Tiverton Gaming Facility Promotional Points in an aggregate amount up to the sum of
18 (a) twenty percent (20%) of the aggregate Net Terminal Income for the Lincoln Gaming Facility
19 and the Tiverton Gaming Facility for the Prior Marketing Year and (b) one million five hundred
20 thousand dollars (\$1,500,000), the foregoing superseding and replacing any law applicable to the
21 Lincoln Gaming Facility relating to Promotional Points that Twin River may issue to customers
22 and prospective customers of the Lincoln Gaming Facility; and

23 (6) Contain such other or such revised terms and conditions as the Division and Twin River
24 may agree.

25 SECTION 7. [Authorization and Empowerment of State Lottery Division with respect to](#)
26 [Twin River Tiverton](#). Notwithstanding any provisions of the General Laws of the state or
27 regulations adopted thereunder to the contrary, including, without limitation, the provisions of
28 chapter 2 of title 37, chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby
29 authorized and empowered to enter into an amendment to the Twin River-Tiverton Master
30 Contract, or an amended and restated Twin River-Tiverton Master Contract (the "Twin River-
31 Tiverton Master Contract Amendment"), which shall:

32 (1) Extend the term of the Twin River-Tiverton Master Contract through the Extended
33 Expiration Date under the terms and conditions set forth therein, as amended pursuant to this
34 Section 7 and as may be otherwise amended in accordance with its terms;

1 (2) With the prior approval of the Division, consolidate the Initial Promotional Points
2 Program and the Supplementary Promotional Points Program applicable to the Lincoln Gaming
3 Facility and the Initial Promotional Points Program and the Supplementary Promotional Points
4 Program applicable to the Tiverton Gaming Facility into the Consolidated Promotional Points
5 Program, and further provide that Twin River and Twin River-Tiverton, collectively, and not each
6 individually, may issue to customers and prospective customers of the Lincoln Gaming Facility
7 and/or the Tiverton Gaming Facility Promotional Points in an aggregate amount up to the sum of
8 (a) twenty percent (20%) of the aggregate Net Terminal Income for the Lincoln Gaming Facility
9 and the Tiverton Gaming Facility for the Prior Marketing Year and (b) one million five hundred
10 thousand dollars (\$1,500,000), the foregoing superseding and replacing any law applicable to the
11 Tiverton Gaming Facility relating to Promotional Points that Twin River-Tiverton may issue to
12 customers and prospective customers of the Tiverton Gaming Facility; and

13 (3) Contain such other or such revised terms and conditions as the Division and Twin
14 River-Tiverton may agree.

15 SECTION 8. [Further authorization and empowerment of State Lottery Division with](#)
16 [respect to affiliates of TRWH.](#) Notwithstanding any provisions of the General Laws of the state or
17 regulations adopted thereunder to the contrary, including, without limitation, the provisions of
18 chapter 2 of title 37, chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby
19 authorized and empowered to enter into a contract with Twin River, Twin River-Tiverton or another
20 Affiliate of TRWH (the "TRWH Technology Provider License Agreement") whereunder such
21 Affiliate of TRWH would be a Technology Provider on or before October 1, 2020 through
22 December 31, 2021, and have the right to provide, and shall provide, all Video Lottery Terminals
23 provided to the Division other than those that IGT and its Affiliates have a right to provide pursuant
24 to applicable law and efficiency formulas existing as of the effective date of this act for the term of
25 the TRWH Technology Provider License Agreement; provided, however, nothing in this act shall
26 limit the authority of the Division to approve the Video Lottery Terminals and Video Lottery
27 Games provided pursuant to the TRWH Technology Provider License Agreement. The TRWH
28 Technology Provider License Agreement shall contain such other terms and conditions as the
29 Division may require.

30 SECTION 9. [Naming rights agreement.](#) Notwithstanding any provisions of the General
31 Laws of the state or regulations adopted thereunder to the contrary, the I-195 Redevelopment
32 District Commission (the "195 Commission") is hereby authorized and empowered to enter into a
33 contract with an Affiliate of TRWH whereunder such Affiliate of TRWH would agree to pay one
34 hundred thousand dollars (\$100,000) per year for the period from July 1, 2020 and expiring on the

1 Extended Expiration Date , or some portion thereof at the election of the 195 Commission, for the
2 right during such period to name a park or a portion thereof within the I-195 Redevelopment
3 District, the naming rights for which are controlled by the 195 Commission, and containing such
4 other terms and conditions as the 195 Commission and the Affiliate of TRWH may agree (the
5 "Naming Rights Agreement"). If the 195 Commission declines to enter into a Naming Rights
6 Agreement with an Affiliate of TRWH, there shall be no adverse effect to TRWH or its Affiliates
7 under this act or any of the agreements referenced in this act.

8 SECTION 10. [Amendments to regulatory agreement involving TRWH and affiliates of](#)
9 [TRWH](#). Notwithstanding any provisions of the General Laws of the state or regulations adopted
10 thereunder to the contrary, the Division and the state of Rhode Island department of business
11 regulation (the "DBR") are hereby authorized and empowered to enter into an amendment to the
12 Amended and Restated Regulatory Agreement dated November 13, 2019 among the Division, the
13 DBR, TRWH, Twin River Management Group, Inc., UTGR, Inc. and Twin River-Tiverton, LLC
14 (the "Amended and Restated Regulatory Agreement"), which amendment (the "Regulatory
15 Agreement Amendment"), among other things, shall:

16 (1) Authorize and permit an Affiliate of TRWH to invest in the Joint Venture;

17 (2) Authorize and permit TRWH or an Affiliate of TRWH to pay six million five hundred
18 thousand dollars (\$6,500,000) to IGT or the Division (at IGT's election) in connection with the
19 payment of the Second Intangible Asset Purchase Price;

20 (3) Exclude from financial tests and other covenants in the Amended and Restated
21 Regulatory Agreement sale-leaseback transactions relating to Rhode Island assets and permitting
22 such transactions subject to the review and approval of the Division and the DBR subject to the
23 requirement that the net proceeds received from the sale-leaseback transaction be used to repay
24 debt unless otherwise approved or agreed by the Division or the DBR and that the buyer-lessor of
25 the relevant Rhode Island assets be licensed by the Division to assure that the assets continue to
26 meet all of the regulatory requirements imposed to protect the State's financial interests and the
27 integrity of the gaming experience;

28 (4) Increase the "Maximum Leverage Ratio" to the lesser of 5.5:1 (or such greater ratio as
29 the Division and the DBR decide is appropriate to adjust for periods the Lincoln Gaming Facility,
30 the Tiverton Gaming Facility and other gaming facilities owned by Affiliates of TRWH are closed
31 due to the COVID-19 pandemic) and the consolidated total net leverage ratio specified in the
32 TRWH Credit Agreement (as amended from time to time), but using the methodology set forth in
33 the Amended and Restated Regulatory Agreement (as amended from time to time) to calculate the
34 "Leverage Ratio," through the Extended Expiration Date, and, for purposes of calculating the

1 "Leverage Ratio," for the period beginning on the JV Effective Date and continuing through the
2 Extended Expiration Date, modify the definition of (a) "Consolidated EBITDA" to include any
3 income TRWH earns from the Joint Venture or records as income under generally accepted
4 accounting principles as EBITDA and reduce the "VLT Addback" for TRWH's proportionate
5 ownership share of the Joint Venture and (b) "Indebtedness" to exclude "Capital Lease Obligations"
6 entered into in connection with a sale-leaseback transaction provided that both the transaction and
7 the use of proceeds occur in accordance with the provisions of subsection (3) of this section (all
8 terms in quotations in this subsection (4) are as defined in the Amended and Restated Regulatory
9 Agreement);

10 (5) Authorize and permit an Affiliate of TRWH to make capital expenditures to design,
11 develop and construct the fifty thousand (50,000) square foot expansion of the Lincoln Gaming
12 Facility;

13 (6) Require TRWH and Twin River Management Group, Inc. ("TRMG") to use their best
14 efforts to locate additional senior management level employees in the state; and further require that
15 TRWH and/or TRMG add no fewer than thirty (30) members of the senior management employees
16 of TRWH and/or TRMG in the state within twenty-four (24) months from the passage of this act
17 (the "Senior Management Employee Location Obligation"). Said thirty employees shall be paid, in
18 each calendar year, aggregate compensation (which shall include pre-tax deductions made on
19 behalf of employees) not less than the product of: (1) Thirty (30); (2) Two thousand eighty (2,080);
20 and (3) Two hundred fifty percent (250%) of the minimum wage in effect from time to time
21 pursuant to Section 28-12-3 of the General Laws (the "Senior Management Compensation
22 Obligation"). The Senior Management Employee Location Obligation and the Senior Management
23 Compensation Obligation shall be in addition to any other employment requirements in the
24 Amended and Restated Regulatory Agreement (as amended from time to time) and the General
25 Laws of the state. The Division shall have the right to access liquidated damages against TRWH or
26 TRMG if there is a failure to satisfy the Senior Management Compensation Obligation for any
27 calendar year, commencing with the calendar year ending on December 31, 2023. Said liquidated
28 damages shall be equal to the product of (A) the difference between the actual number of employees
29 less than the thirty employees required under the Senior Management Employee Location
30 Obligation and (B) six thousand four hundred dollars (\$6,400). TRWH and/or TRMG shall provide
31 to the Division an annual certification on or before May 1 of each year certifying that TRWH and/or
32 TRMG is in compliance with the employment obligations under this subsection for the prior
33 calendar year.

34 (7) In addition to TRWH's obligations under Section 7.5(d) of the Amended and Restated

1 Regulatory Agreement, authorize and obligate TRWH (directly or through Affiliates of TRWH) to
2 invest or cause to be invested by TRWH, an Affiliate of TRWH or an Eligible Third Party in the
3 state during the period between the effective date of the Regulatory Agreement Amendment and
4 the Extended Expiration Date, in the aggregate at least one hundred million dollars (\$100,000,000)
5 (the "Twin River Investment Obligation"), which, with the Division's prior approval, shall be
6 expended in connection with: (i) Expanding and improving the Lincoln Gaming Facility and the
7 Tiverton Gaming Facility and developing or improving real property surrounding the facilities; (ii)
8 Performing under the UTGR Master Contract, as amended by the UTGR Master Contract
9 Amendment; (iii) Performing under the Twin River-Tiverton Master Contract, as amended by the
10 Twin River-Tiverton Master Contract Amendment; (iv) Performing under the TRWH Technology
11 Provider License Agreement (including, without limitation, all Video Lottery Terminals purchased
12 by Affiliates of TRWH through December 31, 2021); (v) Performing under the Naming Rights
13 Agreement; (vi) Performing under the Amended and Restated Regulatory Agreement, as amended
14 by the Regulatory Agreement Amendment; and (vii) performing the Twin River Providence Lease
15 Obligation; provided, however, in no event shall TRWH receive credit toward performance of the
16 Twin River Investment Obligation more than once in connection with any expenditure; and

17 (8) Authorize and permit TRWH and Affiliates of TRWH to take such other actions as are
18 necessary to fulfil the purposes and intention of this act with the agreement or approval of the
19 Division and the DBR.

20 SECTION 11. [Effective dates of amendments and agreements contemplated by this act.](#)

21 Notwithstanding any provisions of this act or any provision of the General Laws of the state or
22 regulations adopted thereunder to the contrary: (1) The IGT Master Contract Amendment (which,
23 among other matters, will extend the term of the VLT Agreement through the Extended Expiration
24 Date), the UTGR Master Contract Amendment, the Twin River-Tiverton Master Contract
25 Amendment, and the Regulatory Agreement Amendment shall take effect on the same date; and

26 (2) No such agreements shall take effect until all such agreements take effect.

27 SECTION 12. Credit for acquisitions and expenditures. With respect to the performance
28 of the Second IGT Investment Obligation and the Twin River Investment Obligation under this act,
29 no acquisition and/or expenditure shall be permitted to be credited to both IGT and TRWH. In the
30 event of a disagreement between IGT and TRWH with respect to the allocation of a credit for an
31 acquisition and/or expenditure, the determination of whether IGT or TRWH is allocated said credit
32 shall be solely determined by the Division.

33 SECTION 13. [Reporting and Compliance.](#)

34 (a) Amendments – The Division shall provide notice of any further amendment(s) or

1 letter(s) of agreement which alter any of the obligations of IGT, TRWH, or the Joint Venture as set
2 forth in the IGT Master Contract, the IGT Master Contract Amendment, the UTGR Master
3 Contract, the UTGR Master Contract Amendment, the Twin River-Tiverton Master Contract, or
4 the Twin River-Tiverton Master Contract Amendment to the Permanent Joint Committee on State
5 Lottery, the Speaker of the House, and the President of the Senate no later than ten days (10) from
6 the effective date of such amendment or agreement, along with a summary explanation of what the
7 amendment or agreement provides and both the fiscal and economic impact of those changes;
8 provided, however, that no amendment or letter of agreement shall alter or modify, in any way, any
9 provision of this authorizing legislation.

10 (b) Not less than every two years, the Division shall request the Commerce Corporation to
11 perform audits to ensure IGT's compliance with its employment and compensation obligations
12 under the terms and conditions set forth in the IGT Master Contract, the IGT Master Contract
13 Amendment, and this act, as each may otherwise be amended from time to time. The Commerce
14 Corporation shall perform said audits and shall forward the completed audit reports to the Division
15 within thirty (30) days of the end of the measuring period. Within ten (10) days of the date the
16 Division receives the audit reports from the Commerce Corporation, the Division shall forward a
17 copy to the Permanent Joint Committee on State Lottery, the Speaker of the House, and the
18 President of the Senate.

19 (c) Not less than every two years, the Division shall request the Commerce Corporation to
20 perform audits to ensure TRWH's compliance with its employment and compensation obligations
21 under the terms and conditions set forth in the UTGR Master Contract, the UTGR Master Contract
22 Amendment, the Twin River-Tiverton Master Contract, the Twin River-Tiverton Master Contract
23 Amendment, the Amended and Restated Regulatory Agreement, and this act, as each may
24 otherwise be amended from time to time. The Commerce Corporation shall perform said audits and
25 shall forward the completed audit reports to the Division within thirty (30) days of the end of the
26 measuring period. Within ten (10) days of the date the Division receives the audit reports from the
27 Commerce Corporation, the Division shall forward a copy to the Permanent Joint Committee on
28 State Lottery, the Speaker of the House, and the President of the Senate.

29 (d) Reports of any and all audits performed relating to IGT's, the Joint Venture's, UTGR's,
30 Twin River's, Twin River-Tiverton's, or another Affiliate of TRWH's service as a Technology
31 Provider's services in the State of Rhode Island shall be forwarded to the Permanent Joint
32 Committee on State Lottery, the Speaker of the House, and the President of the Senate, within seven
33 (7) days of the completion of any audit report; provided, however, summaries of IT security, cyber
34 and penetration audits shall be provided to the General Assembly.

1 (e) Efficiency Reporting – The Division shall prepare an annual efficiency report which
2 reflects the measure of Video Lottery Terminal performance during the first thirteen (13) weeks of
3 each calendar year and shall forward said report to the Permanent Joint Committee on State Lottery,
4 the Speaker of the House, and the President of the Senate on or before May 15th of each calendar
5 year. Said report shall include an explanation/rationale for any decision by the Division regarding
6 the allocation or reallocation of Video Lottery Terminals as well as an impact assessment of the
7 reallocation of Video Lottery Terminals, if any, or of any determination to not make any
8 reallocation of VLTs.

9 (f) Contract Compliance – The Division shall prepare an annual report summarizing any
10 findings by the Division of noncompliance with any terms and conditions set forth in the IGT
11 Master Contract, the IGT Master Contract Amendment, the UTGR Master Contract, the UTGR
12 Master Contract Amendment, the Twin River-Tiverton Master Contract, or the Twin River-
13 Tiverton Master Contract Amendment as each may otherwise be amended from time to time and
14 any penalties assessed and any remedial actions taken by the Division in response to such
15 noncompliance through the Extended Expiration Date. Said report shall be forwarded to the
16 Permanent Joint Committee on State Lottery, the Speaker of the House, and the President of the
17 Senate.

18 SECTION 14. [Inconsistencies](#). Insofar as the provisions of this act are inconsistent with
19 the provisions of any other general or special law of the state, the provisions of this act shall control.

20 SECTION 15. [Agreement](#). The state and IGT agree that the provisions of this act are not
21 intended to modify in any way the relative rights and obligations of the Division and IGT under the
22 IGT Master Contract Amendment.

23 SECTION 16. This act shall take effect upon passage.

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LC004440/SUB A/3
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

ENABLING THE STATE LOTTERY DIVISION OF THE DEPARTMENT OF REVENUE TO
CONTRACT WITH IGT GLOBAL SOLUTIONS CORPORATION AND TWIN RIVER

1 This act would enable the state lottery division of the department of revenue to enter into
2 a contract extension with IGT Global Solutions Corporation and contract extensions with Twin
3 River and affiliates of Twin River.

4 This act would take effect upon passage.

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LC004440/SUB A/3
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