

2021 -- H 6355

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO-LOTTERY GAMES,  
TABLE GAMES AND SPORTS WAGERING

Introduced By: Representatives Edwards, Shallcross Smith, Kennedy, Kazarian, Slater,  
Baginski, Barros, Amore, Casey, and Hull

Date Introduced: May 20, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video-  
2 Lottery Games, Table Games and Sports Wagering" is hereby amended to read as follows:

3 **42-61.2-7. Division of revenue.**

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

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

9 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent  
10 (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally allocated to  
11 the distressed communities as defined in § 45-13-12 provided that no eligible community shall  
12 receive more than twenty-five percent (25%) of that community's currently enacted municipal  
13 budget as its share under this specific subsection. Distributions made under this specific subsection  
14 are supplemental to all other distributions made under any portion of general laws § 45-13-12. For  
15 the fiscal year ending June 30, 2008, distributions by community shall be identical to the  
16 distributions made in the fiscal year ending June 30, 2007, and shall be made from general  
17 appropriations. For the fiscal year ending June 30, 2009, the total state distribution shall be the  
18 same total amount distributed in the fiscal year ending June 30, 2008, and shall be made from

1 general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be  
2 the same total amount distributed in the fiscal year ending June 30, 2009, and shall be made from  
3 general appropriations, provided, however, that seven hundred eighty-four thousand four hundred  
4 fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to each  
5 qualifying distressed community. For each of the fiscal years ending June 30, 2011, June 30, 2012,  
6 and June 30, 2013, seven hundred eighty-four thousand four hundred fifty-eight dollars (\$784,458)  
7 of the total appropriation shall be distributed equally to each qualifying distressed community.

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

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

18 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent  
19 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to  
20 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of general  
21 revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,  
22 distributions by community shall be identical to the distributions made in the fiscal year ending  
23 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,  
24 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,  
25 funding shall be determined by appropriation.

26 (2) To the licensed, video-lottery retailer:

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

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

34 (iii) Effective July 1, 2013, the rate of net, terminal income payable to the licensed, video-

1 lottery retailer who is a party to the Newport Grand Master Contract shall increase by two and one  
2 quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and  
3 the rate in effect as of June 30, 2013, shall be reinstated.

4 (iv)(A) Effective July 1, 2015, the rate of net terminal income payable to the licensed video-  
5 lottery retailer who is a party to the Newport Grand Master Contract shall increase over the rate in  
6 effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e.,  $x\%$  plus 1.9  
7 percentage points equals  $(x + 1.9)\%$ , where " $x\%$ " is the current rate of net terminal income payable  
8 to the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract). The  
9 dollar amount of additional net terminal income paid to the licensed video-lottery retailer who is a  
10 party to the Newport Grand Master Contract with respect to any Newport Grand Marketing Year  
11 as a result of such increase in rate shall be referred to as "Additional Newport Grand Marketing  
12 NTI."

13 (B) The excess, if any, of marketing expenditures incurred by the licensed, video-lottery  
14 retailer who is a party to the Newport Grand Master Contract with respect to a Newport Grand  
15 Marketing Year over one million four hundred thousand dollars (\$1,400,000) shall be referred to  
16 as the "Newport Grand Marketing Incremental Spend." Beginning with the Newport Grand  
17 Marketing Year that starts on July 1, 2015, after the end of each Newport Grand Marketing Year,  
18 the licensed, video-lottery retailer who is a party to the Newport Grand Master Contract shall pay  
19 to the Division the amount, if any, by which the Additional Newport Grand Marketing NTI for such  
20 Newport Grand Marketing Year exceeds the Newport Grand Marketing Incremental Spend for such  
21 Newport Grand Marketing Year; provided however, that such video-lottery retailer's liability to the  
22 Division hereunder with respect to any Newport Grand Marketing Year shall never exceed the  
23 Additional Newport Grand Marketing NTI paid to such video-lottery retailer with respect to such  
24 Newport Grand Marketing Year.

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

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

32 (ii) On and after the effective date of the UTGR master contract, to the licensed, video-  
33 lottery retailer that is a party to the UTGR master contract, all sums due and payable under said  
34 master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars

1 (\$767,687).

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

9 (A) A licensed, video-lottery retailer has requested the placement of premium or licensed  
10 proprietary content at its licensed, video-lottery facility;

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

14 (C) After approval of the request by the division of lottery, the total number of premium or  
15 licensed, proprietary-content video-lottery terminals does not exceed ten percent (10%) of the total  
16 number of video-lottery terminals authorized at the respective licensed, video-lottery retailer; and

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

21 (ii) To contractors that are a party to the master contract as set forth and referenced in P.L.  
22 2003, ch. 32, all sums due and payable under said master contract; and

23 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from  
24 the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred  
25 thirty-seven dollars (\$628,737).

26 (4)(A) Until video-lottery games are no longer operated at the Newport Grand gaming  
27 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net  
28 terminal income of authorized machines at Newport Grand, except that effective November 9,  
29 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net terminal  
30 income of authorized machines at Newport Grand for each week the facility operates video-lottery  
31 games on a twenty-four-hour (24) basis for all eligible hours authorized; and

32 (B) Upon commencement of the operation of video-lottery games at Twin River-Tiverton's  
33 facility located in the town of Tiverton, to the town of Tiverton one and forty-five hundredths  
34 percent (1.45%) of net terminal income of authorized machines at the licensed, video-lottery

1 retailer's facility located in the town of Tiverton, subject to subsection (g)(2); and

2 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal  
3 income of authorized machines at Twin River except that:

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

8 (ii) Effective July 1, 2013, provided that the referendum measure authorized by P.L. 2011,  
9 ch. 151, article 25 as amended, section 4, is approved statewide and in the Town of Lincoln, the  
10 allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of  
11 authorized video-lottery terminals at Twin River, subject to subsection (h)(2); and

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

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

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

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

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

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

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

3 (f) Notwithstanding the provisions of § 42-61-15, but subject to § 42-61.2-7(h), the  
4 allocation of net, table-game revenue derived from table games at Twin River is as follows:

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

7 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in § 42-61.2-  
8 7(f)(1)(ii);

9 (ii) An additional two percent (2%) of net, table-game revenue generated at Twin River  
10 shall be allocated starting from the commencement of table games activities by such table-game  
11 retailer and ending, with respect to such table-game retailer, on the first date that such table-game  
12 retailer's net terminal income for a full state fiscal year is less than such table-game retailer's net  
13 terminal income for the prior state fiscal year, at which point this additional allocation to the state  
14 shall no longer apply to such table-game retailer.

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

20 (g) Notwithstanding the provisions of § 42-61-15, the allocation of net, table-game revenue  
21 derived from table games at the Tiverton facility owned by Twin River-Tiverton or another state  
22 licensed entity shall be ~~is~~ as follows:

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

25 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to  
26 the state first for deposit into the state lottery fund for administrative purposes and then the balance  
27 remaining into the general fund; provided however, that beginning with the first state fiscal year  
28 that a facility in the town of Tiverton owned by Twin River-Tiverton ~~offers patrons~~ or another state  
29 authorized entity pursuant to § 42-61.2-2.3 contains video-lottery games and table games ~~for all of~~  
30 ~~such state fiscal year~~, for that initial state fiscal year and each subsequent state fiscal year that such  
31 Tiverton facility ~~offers patrons~~ contains video-lottery games and table games ~~for all of such state~~  
32 ~~fiscal year~~, if the town of Tiverton has not received an aggregate of three million dollars  
33 (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,  
34 combined, generated by such Tiverton facility, then the state shall make up such shortfall to the

1 town of Tiverton out of the state's percentage of net, table-game revenue set forth in this subsection  
2 (g)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided further however,  
3 if in any state fiscal year either video-lottery games or table games are no longer ~~offered~~ contained  
4 at a facility in the town of Tiverton owned by Twin River-Tiverton, LLC or another state licensed  
5 entity, then the state shall not be obligated to make up the shortfall referenced in this subsection  
6 (g)(2); and

7 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and  
8 (g)(2) of this section shall be allocated to Twin River-Tiverton. For purposes of this subsection and  
9 subsection (h) of this section, the word "contain" means host, located at, or physically present at  
10 the Tiverton gaming facility regardless of whether the facility is open to patrons or the public for  
11 all or part of any state fiscal year.

12 (h) Notwithstanding the foregoing § 42-61.2-7(f) and superseding that section effective  
13 upon the first date that a facility in the town of Tiverton owned by Twin River-Tiverton or another  
14 state licensed entity contains ~~offers patrons~~ video-lottery games and table games, the allocation of  
15 net, table-game revenue derived from table games at Twin River in Lincoln shall be as follows:

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

18 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to  
19 the state first for deposit into the state lottery fund for administrative purposes and then the balance  
20 remaining into the general fund; provided however, that beginning with the first state fiscal year  
21 that a facility in the town of Tiverton owned by Twin River-Tiverton ~~offers patrons~~ or another state  
22 authorized entity pursuant to § 42-61.2-2.3 contains video-lottery games and table games ~~for all of~~  
23 ~~such state fiscal year~~, for that initial state fiscal year and each subsequent state fiscal year that such  
24 Tiverton facility ~~offers patrons~~ contains video-lottery games and table games ~~for all of such state~~  
25 ~~fiscal year~~, if the town of Lincoln has not received an aggregate of three million dollars  
26 (\$3,000,000) in the state fiscal year from net, table-game revenues and net terminal income,  
27 combined, generated by the Twin River facility in Lincoln, then the state shall make up such  
28 shortfall to the town of Lincoln out of the state's percentage of net, table-game revenue set forth in  
29 this subsection (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6); provided  
30 further however, if in any state fiscal year either video-lottery games or table games are no longer  
31 ~~offered~~ contained at a facility in the town of Tiverton owned by Twin River-Tiverton, LLC or  
32 another state licensed entity, then the state shall not be obligated to make up the shortfall referenced  
33 in this subsection (h)(2); and

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

1 (h)(2) shall be allocated to UTGR.

2 SECTION 2. This act shall take effect upon passage.

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LC002881  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO-LOTTERY GAMES,  
TABLE GAMES AND SPORTS WAGERING

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1           This act would require that the towns of Lincoln and Tiverton receive at least three million  
2 dollars (\$3,000,000) whether or not the gaming facility in the towns of Lincoln or Tiverton are  
3 operational for all or part of any fiscal year.

4           This act would take effect upon passage.

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