

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

**RELATING TO 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, Gallo, Acosta, Algieri,
Anderson, and Archambault

Date Introduced: January 19, 2021

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 Bally's Corporation, a Delaware corporation ("Bally"), including an expansion of the
7 Lincoln Gaming Facility. This act shall be liberally construed to effectuate its purposes.

8 SECTION 2. Definitions.

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

12 (b) In this act:

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

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

18 (3) "Eligible Third Party" means any Person which (acting jointly with IGT or Bally or at

1 the direction of IGT or Bally (as applicable)) owns, leases or finances any of the IGT Investment
2 Obligation Assets (as defined in Section 3(a)(ix)(A) of this act) or the assets associated with the
3 Twin River Investment Obligation (as defined in Section 10 of this act);

4 (4) "FTE" means a full time equivalent employee, which, for the purposes of Section 3 of
5 this act, shall mean 2,080 hours of employment of one or more individuals in a year by IGT or an
6 Affiliate employed in the State, which hours of employment shall include vacation time, sick time,
7 disability time, personal time or other time for which an employer in the State must pay the
8 employee. For purposes of Section 3 of this act, "FTE" shall include, without limitation, employees
9 of outsourcing and consulting service providers and temporary employees retained through an
10 employment agency in the State. For employees who are not paid on an hourly basis, each full-time
11 salaried employee employed for a full year shall be deemed to work 2,080 hours per year, and each
12 salaried part-time employee shall be deemed to work a proportionate share of the 2,080 hours based
13 on the hourly commitment set forth in such employee's job description. The hours attributed to
14 salaried employees shall be prorated for any employees who are employed for less than a full year.

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

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

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

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

31 (a) To enter into an amendment (the "IGT Master Contract Amendment") to the IGT Master
32 Contract, which shall extend the term of the IGT Master Contract under the terms and conditions
33 set forth therein, as amended pursuant to Section 3 and Section 4 of this act and as may be otherwise
34 amended in accordance with its terms, through June 30, 2043 (the "Extended Expiration Date"),

1 and shall, among other matters:

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

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

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

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

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

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

30 (vii) Provide for the purchase by IGT from the Division for the price of twenty-five million
31 dollars (\$25,000,000) (the "Second Intangible Asset Purchase Price"), twelve million five hundred
32 thousand dollars (\$12,500,000) of which shall be paid on or before June 30, 2023 and twelve
33 million five hundred thousand dollars (\$12,500,000) of which shall be paid on or before June 30,
34 2024, of the right of IGT to be the exclusive provider to the Division of products and services

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

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

5 (B) Central communication systems;

6 (C) Video Lottery Terminals for the period commencing on January 1, 2023 (the "JV
7 Effective Date") and expiring on the Extended Expiration Date (with such exclusive rights to be
8 exercised solely through the Joint Venture pursuant to the assignment effected by the Assignment
9 and Assumption Agreement (as defined in Section 3(b)(ii) of this act) for the period commencing
10 on the JV Effective Date and expiring on the Extended Expiration Date);

11 (D) Instant ticket vending machines;

12 (E) Instant tickets;

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

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

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

22 (viii) Provide that:

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

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

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

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

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

2 (A) Invest or cause to be invested by an Affiliate or an Eligible Third Party in the aggregate
3 at least one hundred fifty million dollars (\$150,000,000) in the state (the "Second IGT Investment
4 Obligation") in connection with acquiring interests in real property, leasehold improvements of real
5 property and assets acquired in connection with the performance of obligations under the IGT
6 Master Contract, as amended by the IGT Master Contract Amendment (the "IGT Amended Master
7 Contract"), including, without limitation: (1) The second intangible asset purchase price; (2) Video
8 Lottery Terminals purchased by IGT and Affiliates of IGT during the period commencing on July
9 1, 2019 and expiring on December 31, 2022; (3) Video Lottery Terminals purchased by the Joint
10 Venture during the period commencing on the JV Effective Date and expiring on the Extended
11 Expiration Date (including, without limitation, Video Lottery Terminals sold by IGT and other
12 Affiliates of IGT); and (4) Goods acquired in connection with the business operations of IGT or
13 any Affiliate of IGT in the state (the "IGT Investment Obligation Assets"); provided, however, in
14 no event shall IGT receive credit toward performance of the Second IGT Investment Obligation
15 more than once in connection with any acquisition;

16 (B) Employ, cause to be employed by an Affiliate or a Person providing outsourcing,
17 technology consulting or temporary employment services to IGT or an Affiliate, or cause to be self-
18 employed in the state during each calendar year commencing with 2022 at least one thousand one
19 hundred (1,100) FTEs (the "Minimum Number of FTEs") calculated using the methodology used
20 for the purposes of the Development Agreement between IGT and the Rhode Island Commerce
21 Corporation as of June 1, 2020, at compensation rates not less than one hundred fifty percent
22 (150%) of the minimum wage in effect from time to time pursuant to Section 28-12-3 of the General
23 Laws (the "Employment Obligation");

24 (C) Pay, or cause to be paid by Affiliates or Persons providing outsourcing, technology
25 consulting or temporary employment services to IGT or an Affiliate, to employees and independent
26 contractors employed or caused to be self-employed in the state during each calendar year
27 commencing with 2022 aggregate compensation (which shall include pre-tax deductions made on
28 behalf of employees) (the "Annual Actual Compensation") not less than the product of: (1) One
29 thousand one hundred (1,100); (2) Two thousand eighty (2,080); and (3) Two hundred fifty percent
30 (250%) of the minimum wage in effect from time to time pursuant to Section 28-12-3 of the General
31 Laws (the "Annual Compensation Obligation");

32 (D) Provide to the Division an annual certification on or before May 1 of each year
33 certifying that IGT is in compliance with its Employment Obligation for the prior calendar year.
34 In addition, IGT shall provide to the Division an annual certification on or before May 1 of each

1 year certifying that IGT is in compliance with its Annual Compensation Obligation for the prior
2 calendar year; and

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

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

14 (xi) Notwithstanding the remedies provided in Section 3(a)(x) of this act, the Division shall
15 have the right to:

16 (A) assess liquidated damages against IGT if the average number of full-time equivalent
17 employees (the "LD FTE Average") for each period of two consecutive calendar years commencing
18 with the two-year period expiring on December 31, 2023, and tested annually thereafter, is less
19 than the Minimum Number of FTEs. Said liquidated damages shall be equal to the product of: (1)
20 the difference between the Minimum Number of FTEs and the LD FTE Average and (2) six
21 thousand four hundred dollars (\$6,400); and

22 (B) assess liquidated damages against IGT if, for each period of two consecutive calendar
23 years commencing with the two-year period expiring on December 31, 2023, and tested annually
24 thereafter, the average of the Annual Actual Compensation for such period (the "LD Compensation
25 Average") is less than the average of the Annual Compensation Obligation for such period (the
26 "LD Compensation Obligation Average"). Said liquidated damages shall be in an amount equal to
27 the product of: (1) twenty percent (20%) and (2) the difference between the LD Compensation
28 Obligation Average for such period and the LD Compensation Average for such period;

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

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

33 (b) To consent to:

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

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

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

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

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

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

14 (a) With respect to Video Lottery Terminals:

15 (1) Regularly update or replace hardware and software; (2) Annually replace a minimum
16 of six percent (6%) of the Video Lottery Terminals; (3) Provide a minimum of five percent (5%)
17 of the Video Lottery Terminals with premium or royalty games with such Video Lottery Terminals
18 performing at less than one hundred fifty percent (150%) of floor average for any calendar year
19 subject to review by the Division for replacement or modification; (4) For the period commencing
20 on the JV Effective Date and expiring on the Extended Expiration Date, (a) cause the Joint Venture
21 to remove five percent (5%) of the Video Lottery Terminals provided as of December 31 of the
22 preceding year supplied by each supplier to the Joint Venture whose ratio of: (i) The ratio of: (A)
23 The aggregate Net Terminal Income generated by the Video Lottery Terminals supplied by such
24 supplier and provided by the Joint Venture during the first thirteen (13) weeks of each calendar
25 year to (B) The aggregate Net Terminal Income generated by the Video Lottery Terminals provided
26 by the Joint Venture during such period to; (ii) The ratio of: (A) The number of Video Lottery
27 Terminals supplied by such supplier and provided by the Joint Venture to (B) The total number of
28 Video Lottery Terminals provided by the Joint Venture is less than ninety seven percent (97%);
29 provided, however, that (x) no more than 40% of the Video Lottery Terminals installed at the
30 Lincoln Gaming Facility and no more than 40% of the Video Lottery Terminals installed at the
31 Tiverton Gaming Facility on the JV Effective Date shall be Video Lottery Terminals manufactured
32 by IGT or an Affiliate of IGT and (y) Video Lottery Terminals manufactured by IGT or an Affiliate
33 of IGT shall not be subject to removal for calendar years 2023, 2024 and 2025 and (b) nothing in
34 this act shall limit the authority of the Division to approve the Video Lottery Terminals and Video

1 Lottery Games provided by the Joint Venture and which Video Lottery Terminals provided by the
2 Joint Venture are installed at which locations in the Lincoln Gaming Facility and the Tiverton
3 Gaming Facility; and (5) For each Marketing Year occurring during the period commencing on
4 July 1, 2020 and expiring on the Extended Expiration Date, waive its claims against the Division
5 arising from or in connection with the Consolidated Promotional Points Program, provided that the
6 aggregate amount of Promotional Points issued in such Marketing Year does not exceed the sum
7 of: (a) twenty percent (20%) of the aggregate Net Terminal Income for the Lincoln Gaming Facility
8 and the Tiverton Gaming Facility for the Prior Marketing Year and (b) one million five hundred
9 thousand dollars (\$1,500,000); and

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

13 SECTION 5. (a) Section 42-61.2-1 of the General Laws in Chapter 42-61.2 entitled
14 "Video-Lottery Games, Table Games and Sports Wagering" is hereby amended to read as follows:

15 **42-61.2-1. Definitions.**

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

17 (1) "2017 Budget Act" means 2017 – H 5175 Substitute A, as amended, entitled "An Act
18 Relating to Making Appropriations for the Support of the State for the Fiscal Year ending June 30,
19 2018," which Act was signed into law by the Governor of Rhode Island on August 3, 2017.

20 ~~(1)(2)~~ "Casino gaming" means any and all table and casino-style games played with cards,
21 dice, or equipment, for money, credit, or any representative of value; including, but not limited to,
22 roulette, blackjack, big six, craps, poker, baccarat, paigow, any banking or percentage game, or any
23 other game ~~or~~ or device included within the definition of Class III gaming as that term is defined
24 in Section 2703(8) of Title 25 of the United States Code and that is approved by the state through
25 the division of state lottery.

26 ~~(2)(3)~~ "Central communication system" means a system approved by the ~~lottery division~~
27 Division, linking all ~~video lottery machines~~ Video Lottery Terminals at a ~~licensee~~ licensed video
28 lottery retailer location to provide auditing program information and any other information
29 determined by the ~~lottery~~ Division. In addition, the central communications system must provide
30 all computer hardware and related software necessary for the establishment and implementation of
31 a comprehensive system as required by the ~~division~~ Division. ~~The central communications licensee~~
32 ~~may provide a maximum of fifty percent (50%) of the video lottery terminals.~~

33 ~~(3)(4)~~ "Collegiate sports or athletic event" shall not include a collegiate sports contest or
34 collegiate athletic event that takes place in Rhode Island or a sports contest or athletic event in

1 which any Rhode Island college team participates regardless of where the event takes place.

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

8 ~~(4)~~(6) "Credit facilitator" means any employee of a licensed ~~video lottery~~ video lottery
9 retailer approved in writing by the ~~division~~ Division whose responsibility is to, among other things,
10 review applications for credit by players, verify information on credit applications, grant, deny, and
11 suspend credit, establish credit limits, increase and decrease credit limits, and maintain credit files,
12 all in accordance with this chapter and rules and regulations approved by the ~~division~~ Division.

13 ~~(5)~~(7) "DBR" means the department of business regulation, division of gaming and
14 athletics licensing, and/or any successor in interest thereto.

15 ~~(6)~~(8) "Director" means the director of the ~~division~~ Division.

16 ~~(7)~~(9) "Division;" ~~"division of lottery," "division of lotteries," or "lottery division"~~ means
17 ~~the division of lotteries within~~ the state lottery division of the department of revenue and/or any
18 successor in interest thereto.

19 ~~(8)~~(10) "Hosting facility" refers to ~~Twin River~~ the Lincoln gaming facility and the Tiverton
20 gaming facility.

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

22 ~~(9)~~(12) "Licensed ~~video lottery~~ video lottery retailer" means a pari-mutuel licensee
23 specifically licensed by the ~~director~~ Director subject to the approval of the ~~division~~ Division to
24 become a licensed ~~video lottery~~ video lottery retailer.

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

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

29 ~~(10)~~(15) "Net table-game revenue" means win from table games minus counterfeit
30 currency.

31 ~~(11)~~(16) "Net terminal income" means currency placed into a ~~video lottery terminal~~ Video-
32 Lottery Terminal less credits redeemed for cash by players.

33 ~~(12)~~(17) "Newport Grand" means Newport Grand, LLC, a Rhode Island limited-liability
34 company, successor to Newport Grand Jai Alai, LLC, and each permitted successor to and assignee

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

7 ~~(13)~~(18) "Newport Grand Marketing Year" means each fiscal year of the state or a portion
8 thereof between November 23, 2010, and the termination date of the Newport Grand Master
9 Contract.

10 ~~(14)~~(19) "Newport Grand Master Contract" means that certain master ~~video lottery video~~
11 lottery terminal contract made as of November 23, 2005, by and between the division of lotteries
12 of the Rhode Island department of administration and Newport Grand, as amended and extended
13 from time to time as authorized therein and/or as such Newport Grand Master Contract may be
14 assigned as permitted therein.

15 ~~(15)~~(20) "Online gaming account" means an account opened by a patron that such patron
16 shall use for the deposit and withdrawal of funds used for online sports wagering.

17 ~~(16)~~(21) "Online sports wagering" means engaging in the act of sports wagering by the
18 placing of wagers on sporting events or a combination of sporting events, or on the individual
19 performance statistics of athletes in a sporting event or a combination of sporting events, over the
20 internet through computers, mobile applications on mobile devices or other interactive devices
21 approved by the ~~division~~ Division, which wagers are accepted by a server-based gaming system
22 located at the premises of a hosting facility authorized to accept sports wagers and administer
23 payoffs of winning sports wagers; all such wagers shall be deemed to be placed and accepted at the
24 premises of a hosting facility.

25 ~~(17)~~(22) "Online sports-wagering revenue" means:

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

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

29 (II) Marketing expenses related to online sports wagering as agreed to by the ~~division~~
30 Division, the sports-wagering vendor, and the host facilities, as approved by the ~~division of the~~
31 ~~lottery~~ Division; and

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

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

34 (I) Counterfeit cash.

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

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

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

9 ~~(18)~~[\(23\)](#) "Pari-mutuel licensee" means:

10 (i) An entity licensed pursuant to [§ Section 41-3.1-3](#); and/or

11 (ii) An entity licensed pursuant to [§ Section 41-7-3](#).

12 ~~(19)~~[\(24\)](#) "Payoff," when used in connection with sports wagering, means cash or cash
13 equivalents paid to a player as a result of the player's winning a sports wager. A "payoff" is a type
14 of "prize," as the term "prize" is used in chapters 61, 61.2, and 61.3 of this title.

15 ~~(20)~~[\(25\)](#) "Premier" means Premier Entertainment II, LLC and/or its successor in interest
16 by reason of the acquisition of the stock, membership interests, or substantially all of the assets of
17 such entity.

18 [\(26\) "Prior marketing year," means, with respect to a marketing year, the most recent](#)
19 [previous marketing year during which the Division operated a majority of the authorized video](#)
20 [lottery games at each of the Lincoln gaming facility and the Tiverton gaming facility for at least](#)
21 [360 days \(or 361 days in the case there are 366 days in such marketing year\). For the avoidance of](#)
22 [doubt, because the Division will not have operated a majority of the authorized video lottery games](#)
23 [at the Lincoln gaming facility and at the Tiverton gaming facility for at least 361 days during the](#)
24 [marketing year expiring on June 30, 2020, the prior marketing year with respect to the marketing](#)
25 [year expiring on June 30, 2021 shall be the marketing year expiring on June 30, 2019.](#)

26 [\(27\) "Promotional points" has the meaning given such term in the 2017 Budget Act.](#)

27 ~~(21)~~[\(28\)](#) "Rake" means a set fee or percentage of cash and chips representing cash wagered
28 in the playing of a nonbanking table game assessed by a table games retailer for providing the
29 services of a dealer, gaming table, or location, to allow the play of any nonbanking table game.

30 ~~(22)~~[\(29\)](#) "Server-based gaming system" means all hardware, software, and
31 communications devices that comprise a system utilized for the purpose of offering an electronic
32 platform used in connection with the process of placing and accepting sports wagers.

33 ~~(23)~~[\(30\)](#) "Sporting event" means any professional sport or athletic event, any Olympic or
34 international sports competition event, and any collegiate sport or athletic event, or any portion

1 thereof, including, but not limited to, the individual performance statistics of athletes in a sports
2 event or combination of sports events, except "sports event" shall not include a prohibited sports
3 event.

4 ~~(24)~~(31) "Sports wagering" means the business of accepting wagers on sporting events or
5 a combination of sporting events, or on the individual performance statistics of athletes in a sporting
6 event or combination of sporting events, by any system or method of wagering. The term includes,
7 but is not limited to, exchange wagering, parlays, over-under, moneyline, pools, and straight bets,
8 and the term includes the placement of such bets and wagers. However, the term does not include,
9 without limitation, the following:

10 (i) Lotteries, including ~~video lottery~~ video lottery games and other types of casino gaming
11 operated by the state, through the ~~division~~ Division, ~~on the date this act is enacted~~ as of June 22,
12 2018~~}.~~

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

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

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

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

24 ~~(25)~~(32) "Sports-wagering device" means any mechanical, electrical, or computerized
25 contrivance, terminal, machine, or other device, apparatus, equipment, or supplies approved by the
26 ~~division~~ Division and used to conduct sports wagering.

27 ~~(26)~~(33) "Sports-wagering revenue" means:

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

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

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

31 (III) Marketing expenses related to sports wagering as agreed to by the ~~division~~ Division,
32 the sports-wagering vendor, and the host facilities, as approved by the ~~division of the lottery~~
33 Division; and

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

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

2 (I) Counterfeit cash.

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

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

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

11 ~~(27)~~(34) "Sports-wagering vendor" means any entity authorized by the ~~division of lottery~~
12 Division to operate sports betting on the ~~division's~~ Division's behalf in accordance with this chapter.

13 ~~(28)~~(35) "Table game" or "Table gaming" means that type of casino gaming in which table
14 games are played for cash or chips representing cash, or any other representation of value that has
15 been approved by the ~~division of lotteries~~ Division, using cards, dice, or equipment and conducted
16 by one or more live persons.

17 ~~(29)~~(36) "Table-game retailer" means a retailer authorized to conduct table gaming
18 pursuant to § Section 42-61.2-2.1 or § Section 42-61.2-2.3.

19 ~~(30)~~(37) "Technology provider" means any individual, partnership, corporation, or
20 association that designs, manufactures, installs, maintains, distributes, or supplies ~~video lottery~~
21 ~~machines~~ Video-Lottery Terminals or associated equipment for the sale or use in this state.

22 ~~(31)~~(38) "Tiverton gaming facility" ~~(sometimes referred to as "Twin River Tiverton")~~
23 means the gaming and entertainment facility located ~~in the town of Tiverton~~ at the intersection of
24 William S. Canning Boulevard and Stafford Road in the town of Tiverton, Rhode Island
25 (sometimes referred to as "Twin River-Tiverton").

26 ~~(32)~~(39) "Twin River" (sometimes referred to as "UTGR") means UTGR, Inc., a Delaware
27 corporation, and each permitted successor to and assignee of UTGR, Inc.; provided ~~further,~~
28 however, where the context indicates that the term is referring to a physical facility, then "Twin
29 River" ~~or "Twin River gaming facility"~~ shall mean the ~~gaming and entertainment facility located at~~
30 ~~100 Twin River Road in Lincoln, Rhode Island~~ Lincoln gaming facility.

31 ~~(33)~~(40) "Twin River-Tiverton" means Twin River-Tiverton, LLC and/or its successor in
32 interest by reason of the acquisition of the stock, membership interests, or substantially all of the
33 assets of such entity; provided, however, where the context indicates that the term is referring to a
34 physical facility, then "Twin River-Tiverton" shall mean the Tiverton gaming facility.

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

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

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

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

13 ~~(34)~~(45) "Video-lottery games" means lottery games played on ~~video lottery terminals~~
14 Video Lottery Terminals controlled by the ~~lottery division~~ Division.

15 ~~(35)~~(46) ~~"Video lottery terminal"~~ "Video lottery terminal" means any electronic
16 computerized video game machine that, upon the insertion of cash or any other representation of
17 value that has been approved by the ~~division of lotteries~~ Division, is available to play a video game
18 authorized by the ~~lottery division~~ Division, and that uses a video display and microprocessors in
19 which, by chance, the player may receive free games or credits that can be redeemed for cash. The
20 term does not include a machine that directly dispenses coins, cash, or tokens.

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

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

26 **42-61.2-7. Division of revenue.**

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

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

33 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one percent
34 (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally allocated to

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

16 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
17 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of [§ Section](#)
18 [44-33-2.1](#) [repealed]. The maximum credit defined in subdivision [44-33-9\(2\)](#) shall increase to the
19 maximum amount to the nearest five dollar (\$5.00) increment within the allocation until a
20 maximum credit of five hundred dollars (\$500) is obtained. In no event shall the exemption in any
21 fiscal year be less than the prior fiscal year.

22 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund [§ Section 44-34.1-](#)
23 [1](#), entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
24 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
25 shall the exemption in any fiscal year be less than the prior fiscal year.

26 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
27 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
28 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of general
29 revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
30 distributions by community shall be identical to the distributions made in the fiscal year ending
31 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
32 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
33 funding shall be determined by appropriation.

34 (2) To the licensed, ~~video lottery~~ [video lottery](#) retailer:

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

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

8 (iii) Effective July 1, 2013, the rate of net terminal income payable to the licensed, ~~video-~~
9 ~~lottery~~ [video lottery](#) retailer who is a party to the Newport Grand Master Contract shall increase by
10 two and one quarter percent (2.25%) points. The increase herein shall sunset and expire on June
11 30, 2015, and the rate in effect as of June 30, 2013, shall be reinstated.

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

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

33 The increase in subsection 2(a)(iv) shall sunset and expire upon the commencement of the
34 operation of casino gaming at Twin River-Tiverton's facility located in the town of Tiverton, and

1 the rate in effect as of June 30, 2013, shall be reinstated.

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

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

10 (3)(i) Except for the period commencing on January 1, 2023 and expiring on June 30, 2043,
11 To the technology providers that are not a party to the GTECH Master Contract as set forth and
12 referenced in P.L. 2003, ch. 32, seven percent (7%) of the net terminal income of the provider's
13 terminals; in addition thereto, technology providers that provide premium or licensed proprietary
14 content or those games that have unique characteristics, such as 3D graphics; unique math/game
15 play features; or merchandising elements to ~~video lottery~~ [video lottery](#) terminals may receive
16 incremental compensation, either in the form of a daily fee or as an increased percentage, if all of
17 the following criteria are met:

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

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

23 (C) After approval of the request by the division of lottery, the total number of premium or
24 licensed, proprietary-content ~~video lottery~~ [video lottery](#) terminals does not exceed ten percent
25 (10%) of the total number of ~~video lottery~~ [video lottery](#) terminals authorized at the respective
26 licensed, ~~video lottery~~ [video lottery](#) retailer; and

27 (D) All incremental costs are shared between the division and the respective licensed,
28 ~~video lottery~~ [video lottery](#) retailer based upon their proportionate allocation of net terminal income.
29 The division of lottery is hereby authorized to amend agreements with the licensed, ~~video lottery~~
30 [video lottery](#) retailers, or the technology providers, as applicable, to effect the intent herein.

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

33 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from
34 the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred

1 thirty-seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii).
2 With respect to the period commencing on January 1, 2023 and expiring on June 30, 2043,
3 (i) To the exclusive technology provider, all sums due and payable under the VLT
4 Agreement;
5 (ii) Notwithstanding paragraph (i), there shall be subtracted from the payments to the
6 exclusive technology provider the sum of six hundred twenty-eight thousand seven hundred thirty-
7 seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii); and
8 (iii) To IGT, all sums due and payable under the Video Lottery Agreement.
9 (4)(A) Until ~~video-lottery~~ video lottery games are no longer operated at the Newport Grand
10 gaming facility located in Newport, to the city of Newport one and one hundredth percent (1.01%)
11 of net terminal income of authorized ~~machines~~ Video Lottery Terminals at Newport Grand, except
12 that effective November 9, 2009, until June 30, 2013, the allocation shall be one and two tenths
13 percent (1.2%) of net terminal income of authorized ~~machines~~ Video Lottery Terminals at Newport
14 Grand for each week the facility operates ~~video-lottery~~ video lottery games on a twenty-four-hour
15 (24) basis for all eligible hours authorized; and
16 (B) Upon commencement of the operation of ~~video-lottery~~ video lottery games at ~~Twin~~
17 ~~River-Tiverton's facility~~ the Tiverton gaming facility, ~~located in the town of Tiverton~~, to the town
18 of Tiverton one and forty-five hundredths percent (1.45%) of net terminal income of authorized
19 ~~machines~~ Video Lottery Terminals at the ~~licensed, video-lottery retailer's facility located in the~~
20 ~~town of Tiverton~~ Tiverton gaming facility, subject to subsection (g)(2); and
21 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal
22 income of authorized ~~machines~~ Video Lottery Terminals at ~~Twin River~~ the Lincoln gaming facility
23 except that:
24 (i) Effective November 9, 2009, until June 30, 2013, the allocation shall be one and forty-
25 five hundredths percent (1.45%) of net terminal income of authorized ~~machines~~ Video Lottery
26 Terminals at ~~Twin River~~ the Lincoln gaming facility for each week ~~video-lottery~~ video lottery
27 games are offered on a twenty-four-hour (24) basis for all eligible hours authorized; and
28 (ii) Effective July 1, 2013, provided that the referendum measure authorized by P.L. 2011,
29 ch. 151, article 25 as amended, section 4, is approved statewide and in the Town of Lincoln, the
30 allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of
31 authorized ~~video-lottery terminals~~ Video Lottery Terminals at ~~Twin River~~ the Lincoln gaming
32 facility, subject to subsection (h)(2); and
33 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
34 terminal income of authorized ~~machines~~ Video Lottery Terminals at the Lincoln gaming facility

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

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

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

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

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

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

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

26 (f) Notwithstanding the provisions of ~~§~~ Section 42-61-15, but subject to ~~§~~ Section 42-61.2-
27 7(h), the allocation of net table-game revenue derived from table games at ~~Twin River~~ the Lincoln
28 gaming facility is as follows:

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

31 (i) Sixteen percent (16%) of net table-game revenue, except as provided in ~~§~~ Section 42-
32 61.2-7(f)(1)(ii);

33 (ii) An additional two percent (2%) of net table-game revenue generated at ~~Twin River~~ the
34 Lincoln gaming facility shall be allocated starting from the commencement of table games activities

1 by such table-game retailer and ending, with respect to such table-game retailer, on the first date
2 that such table-game retailer's net terminal income for a full state fiscal year is less than such table-
3 game retailer's net terminal income for the prior state fiscal year, at which point this additional
4 allocation to the state shall no longer apply to such table-game retailer.

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

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

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

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

30 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (g)(1) and
31 (g)(2) of this section shall be allocated to Twin River-Tiverton.

32 (h) Notwithstanding the foregoing [§ Section 42-61.2-7\(f\)](#) and superseding that section
33 effective upon the first date that ~~a facility in the town of~~ Tiverton [gaming facility](#) ~~owned by Twin~~
34 ~~River-Tiverton~~ offers patrons ~~video-lottery~~ [video lottery](#) games and table games, the allocation of

1 net table-game revenue derived from table games at ~~the Twin River in~~ Lincoln [gaming facility](#) shall
2 be as follows:

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

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

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

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

29 (1) Extend the term of the UTGR Master Contract through the Extended Expiration Date
30 under the terms and conditions set forth therein, as amended pursuant to this Section 6 and as may
31 be otherwise amended in accordance with its terms;

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

34 (3) To obligate Twin River (directly or through another affiliate of Bally) to lease at least

1 twelve thousand (12,000) square feet of commercial space in Providence through at least the
2 Extended Expiration Date (the "Twin River Providence Lease Obligation");

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

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

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

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

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

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

31 (2) With the prior approval of the Division, consolidate the Initial Promotional Points
32 Program and the Supplementary Promotional Points Program applicable to the Lincoln Gaming
33 Facility and the Initial Promotional Points Program and the Supplementary Promotional Points
34 Program applicable to the Tiverton Gaming Facility into the Consolidated Promotional Points

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

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

11 SECTION 8. [Further authorization and empowerment of State Lottery Division with](#)
12 [respect to affiliates of Bally.](#) Notwithstanding any provisions of the General Laws of the state or
13 regulations adopted thereunder to the contrary, including, without limitation, the provisions of
14 chapter 2 of title 37, chapter 61 of title 42, and chapter 64 of title 42, the Division is hereby
15 authorized and empowered to enter into a contract with Twin River, Twin River-Tiverton or another
16 Affiliate of Bally (the "Bally Technology Provider License Agreement") whereunder such Affiliate
17 of Bally would be a Technology Provider on or before July 1, 2021 through December 31, 2022,
18 and have the right to provide, and shall provide, all Video Lottery Terminals provided to the
19 Division other than those that IGT and its Affiliates have a right to provide pursuant to applicable
20 law and efficiency formulas existing as of the effective date of this act for the term of the Bally
21 Technology Provider License Agreement; provided, however, nothing in this act shall limit the
22 authority of the Division to approve the Video Lottery Terminals and Video Lottery Games
23 provided pursuant to the Bally Technology Provider License Agreement. The Bally Technology
24 Provider License Agreement shall contain such other terms and conditions as the Division may
25 require.

26 SECTION 9. [Naming rights agreement.](#) Notwithstanding any provisions of the General
27 Laws of the state or regulations adopted thereunder to the contrary, the I-195 Redevelopment
28 District Commission (the "195 Commission") is hereby authorized and empowered to enter into a
29 contract with an Affiliate of Bally whereunder such Affiliate of Bally would agree to pay one
30 hundred thousand dollars (\$100,000) per year for the period from July 1, 2021 and expiring on the
31 Extended Expiration Date, or some portion thereof at the election of the 195 Commission, for the
32 right during such period to name a park or a portion thereof within the I-195 Redevelopment
33 District, the naming rights for which are controlled by the 195 Commission, and containing such
34 other terms and conditions as the 195 Commission and the Affiliate of Bally may agree (the

1 "Naming Rights Agreement"). If the 195 Commission declines to enter into a Naming Rights
2 Agreement with an Affiliate of Bally, there shall be no adverse effect to Bally or its Affiliates under
3 this act or any of the agreements referenced in this act.

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

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

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

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

24 (4) Increase the "Maximum Leverage Ratio" to the lesser of 5.5:1 (or such greater ratio as
25 the Division and the DBR decide is appropriate to adjust for periods the Lincoln Gaming Facility,
26 the Tiverton Gaming Facility and other gaming facilities owned by Affiliates of Bally are closed
27 due to the COVID-19 pandemic) and the consolidated total net leverage ratio specified in the Bally
28 Credit Agreement (as amended from time to time), but using the methodology set forth in the
29 Amended and Restated Regulatory Agreement (as amended from time to time) to calculate the
30 "Leverage Ratio," through the Extended Expiration Date, and, for purposes of calculating the
31 "Leverage Ratio," for the period beginning on the JV Effective Date and continuing through the
32 Extended Expiration Date, modify the definition of (a) "Consolidated EBITDA" to include any
33 income Bally earns from the Joint Venture or records as income under generally accepted
34 accounting principles as EBITDA and reduce the "VLT Addback" for Bally's proportionate

1 ownership share of the Joint Venture and (b) "Indebtedness" to exclude "Capital Lease Obligations"
2 entered into in connection with a sale-leaseback transaction provided that both the transaction and
3 the use of proceeds occur in accordance with the provisions of subsection (3) of this section (all
4 terms in quotations in this subsection (4) are as defined in the Amended and Restated Regulatory
5 Agreement);

6 (5) Authorize and permit an Affiliate of Bally to make capital expenditures to design,
7 develop and construct the fifty thousand (50,000) square foot expansion of the Lincoln Gaming
8 Facility;

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

29 (7) In addition to Bally's obligations under Section 7.5(d) of the Amended and Restated
30 Regulatory Agreement, authorize and obligate Bally (directly or through Affiliates of Bally) to
31 invest or cause to be invested by Bally, an Affiliate of Bally or an Eligible Third Party in the state
32 during the period between the effective date of the Regulatory Agreement Amendment and the
33 Extended Expiration Date, in the aggregate at least one hundred million dollars (\$100,000,000) (the
34 "Twin River Investment Obligation"), which, with the Division's prior approval, shall be expended

1 in connection with: (i) Expanding and improving the Lincoln Gaming Facility and the Tiverton
2 Gaming Facility and developing or improving real property surrounding the facilities; (ii)
3 Performing under the UTGR Master Contract, as amended by the UTGR Master Contract
4 Amendment; (iii) Performing under the Twin River-Tiverton Master Contract, as amended by the
5 Twin River-Tiverton Master Contract Amendment; (iv) Performing under the Bally Technology
6 Provider License Agreement (including, without limitation, all Video Lottery Terminals purchased
7 by Affiliates of Bally through December 31, 2022); (v) Performing under the Naming Rights
8 Agreement; (vi) Performing under the Amended and Restated Regulatory Agreement, as amended
9 by the Regulatory Agreement Amendment; and (vii) performing the Twin River Providence Lease
10 Obligation; provided, however, in no event shall Bally receive credit toward performance of the
11 Twin River Investment Obligation more than once in connection with any expenditure; and

12 (8) Authorize and permit Bally and Affiliates of Bally to take such other actions as are
13 necessary to fulfil the purposes and intention of this act with the agreement or approval of the
14 Division and the DBR.

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

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

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

22 SECTION 12. [Credit for acquisitions and expenditures.](#) With respect to the performance
23 of the Second IGT Investment Obligation and the Twin River Investment Obligation under this act,
24 no acquisition and/or expenditure shall be permitted to be credited to both IGT and Bally. In the
25 event of a disagreement between IGT and Bally with respect to the allocation of a credit for an
26 acquisition and/or expenditure, the determination of whether IGT or Bally is allocated said credit
27 shall be solely determined by the Division.

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

29 (a) Amendments – The Division shall provide notice of any further amendment(s) or
30 letter(s) of agreement which alter any of the obligations of IGT, Bally, or the Joint Venture as set
31 forth in the IGT Master Contract, the IGT Master Contract Amendment, the UTGR Master
32 Contract, the UTGR Master Contract Amendment, the Twin River-Tiverton Master Contract, or
33 the Twin River-Tiverton Master Contract Amendment to the Permanent Joint Committee on State
34 Lottery, the Speaker of the House, and the President of the Senate no later than ten days (10) from

1 the effective date of such amendment or agreement, along with a summary explanation of what the
2 amendment or agreement provides and both the fiscal and economic impact of those changes;
3 provided, however, that no amendment or letter of agreement shall alter or modify, in any way, any
4 provision of this authorizing legislation.

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

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

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

30 (e) Efficiency Reporting – The Division shall prepare an annual efficiency report which
31 reflects the measure of Video Lottery Terminal performance during the first thirteen (13) weeks of
32 each calendar year and shall forward said report to the Permanent Joint Committee on State Lottery,
33 the Speaker of the House, and the President of the Senate on or before May 15th of each calendar
34 year. Said report shall include an explanation/rationale for any decision by the Division regarding

1 the allocation or reallocation of Video Lottery Terminals as well as an impact assessment of the
2 reallocation of Video Lottery Terminals, if any, or of any determination to not make any
3 reallocation of VLTs.

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

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO 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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