STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

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

Introduced By: Senators Felag, and DiPalma

Date Introduced: June 18, 2021

Referred To: Senate Special Legislation and Veterans Affairs

It is enacted by the General Assembly as follows:

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

42-61.2-7. Division of revenue.

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

(1) For deposit in the general fund and to the Division fund for administrative purposes:

Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) -- (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

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

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

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

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

(2) To the licensed, video lottery retailer:

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

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

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

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

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

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

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

(ii) On and after the effective date of the UTGR master contract, to the licensed, video
lottery retailer that is a party to the UTGR master contract, all sums due and payable under said
master contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
(3) Except for the period commencing on January 1, 2023 and expiring on June 30, 2043,

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

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

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

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

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

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

(iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred thirty-seven dollars ($628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii). With respect to the period commencing on January 1, 2023 and expiring on June 30, 2043,

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

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

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

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

(B) Upon commencement of the operation of video lottery games at the Tiverton gaming facility, to the town of Tiverton one and forty-five hundredths percent (1.45%) of net terminal income of authorized Video Lottery Terminals at the Tiverton gaming facility, subject to subsection (g)(2); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) Notwithstanding the provisions of Section 42-61-15, the allocation of net table-game
revenue derived from table games at the Tiverton gaming facility is as follows:

(1) Subject to subsection (g)(2) of this section, one percent (1%) of net table-game revenue
shall be allocated to the town of Tiverton;
(2) Fifteen and one-half percent (15.5%) of net table-game revenue shall be allocated to the state first for deposit into the state lottery fund for administrative purposes and then the balance remaining into the general fund; provided however, that beginning with the first state fiscal year that the Tiverton gaming facility offers patrons video lottery games and table games for all of such state fiscal year, for that initial state fiscal year and each subsequent state fiscal year that such Tiverton gaming facility offers patrons video lottery games and table games for all of such state fiscal year, if the town of Tiverton has not received an aggregate of three million dollars ($3,000,000) in the state fiscal year from net table-game revenues and net terminal income, combined, generated by the Tiverton gaming facility ("Tiverton Minimum"), then the state shall make up such shortfall to the town of Tiverton out of the state's percentage of net table-game revenue set forth in this subsection (g)(2) and net terminal income set forth in subsections (a)(1) and (a)(6), so long as there has not been a closure of the Tiverton gaming facility for more than thirty (30) consecutive days during such state fiscal year, and, if there has been such a closure, then the Tiverton Minimum, if applicable, shall be prorated per day of such closure and any closure(s) thereafter for that state fiscal year; notwithstanding the foregoing, with respect to fiscal year 2021, because of the closure of the Tiverton gaming facility due to the COVID-19 pandemic, the town of Tiverton shall receive no less than a total of three million dollars ($3,000,000) as an aggregate payment for net, table-game revenues, net terminal income, and the shortfall from the state, combined; provided further however, if in any state fiscal year either video lottery games or table games are no longer offered at in the Tiverton gaming facility, then the state shall not be obligated to make up the shortfall referenced in this subsection (g)(2); and

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

(h) Notwithstanding the foregoing Section 42-61.2-7(f) and superseding that section effective upon the first date that the Tiverton gaming facility offers patrons video lottery games and table games, the allocation of net table-game revenue derived from table games at the Lincoln gaming facility shall be as follows:

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

(2) Fifteen and one-half percent (15.5%) of net table-game revenue shall be allocated to the state first for deposit into the state lottery fund for administrative purposes and then the balance remaining into the general fund; provided however, that beginning with the first state fiscal year that the Tiverton gaming facility offers patrons video lottery games and table games for all of such state fiscal year, for that state fiscal year and each subsequent state fiscal year that the Tiverton
gaming facility offers patrons video lottery games and table games for all of such state fiscal year, if the town of Lincoln has not received an aggregate of three million dollars ($3,000,000) in the state fiscal year from net table-game revenues and net terminal income, combined, generated by the Lincoln gaming facility ("Lincoln Minimum"), then the state shall make up such shortfall to the town of Lincoln out of the state's percentage of net table-game revenue set forth in this subsection (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6), so long as there has not been a closure of the Tiverton gaming facility for more than thirty (30) consecutive days during such state fiscal year, and, if there has been such a closure, then the Lincoln Minimum, if applicable, shall be prorated per day of such closure and any closure(s) thereafter for that state fiscal year; provided further however, if in any state fiscal year either video lottery games or table games are no longer offered at the Tiverton gaming facility, then the state shall not be obligated to make up the shortfall referenced in this subsection (h)(2); and (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and (h)(2) shall be allocated to UTGR.

SECTION 2. This act shall take effect upon passage.
This act would provide for an adjustment to the states allocated revenue from the Tiverton gaming facility in the event of a closure of more than thirty (30) days, and for the fiscal year 2021, help compensate the two (2) casino host communities of Tiverton and Lincoln for the shortfall in their entitled share from the casinos net, table-game revenue and net terminal income.

This act would take effect upon passage.