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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2005

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A N A C T

ENABLING THE RHODE ISLAND LOTTERY COMMISSION'S ENTRY INTO A MASTER
VIDEO LOTTERY TERMINAL CONTRACT WITH UTGR, INC.

Introduced By: Senators J Montalbano, and Connors

Date Introduced: March 17, 2005

Referred To: Senate Constitutional & Gaming Issues

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The purpose of this act is to induce UTGR, as the applicant for
2 the video lottery terminal license at Lincoln Park, to construct, develop and invest (or to cause to
3 be constructed, developed and invested) an aggregate one hundred twenty-five million dollars
4 (\$125,000,000) of total project costs, including “hard” and allowable “soft” costs, in or related to
5 improvements, renovations and additions to Lincoln Park and appurtenant real and personal
6 property in order that the state's revenues from Lincoln Park will be increased, thereby increasing
7 the total funds available to the state and its citizens. It is the intent of the general assembly that
8 this act, being necessary for the welfare of the state and its citizens, shall be liberally construed so
9 as to effectuate its purposes, including without limitation, the state's attempt to minimize certain
10 commercial risks faced by UTGR when it operates the facility and the business conducted
11 thereon.

12 SECTION 2. Definitions. For purposes of this act, the following terms shall have the
13 following meanings:

14 (a) “Acquisition” means the acquisition of the Wembley US Group by BLB or a BLB
15 Affiliate.

16 (b) “Advisory committee” has the meaning set forth in Section 3(a) (6) of this act.

17 (c) “BLB” means BLB Investors, L.L.C., a Delaware limited liability company.

18 (d) “BLB affiliate” means any entity controlling, controlled by or under common control

1 with BLB.

2 (e) "Commission" means the Rhode Island lottery commission and/or any successor as
3 party to the master contract.

4 (f) "DBR" means the Rhode Island department of business regulation.

5 (g) "Effective date" means the first date on which all the conditions in Section 5(a) of this
6 act have been satisfied.

7 (h) "Force majeure" means any one or more causes beyond the reasonable control of the
8 state or any party to the master contract, including, but not limited to, strikes, lockouts and other
9 labor disputes, accidents, war, terrorism, invasions, riot, rebellion, civil commotion or
10 disturbances, the inability of any party to secure the necessary governmental permits to carry out
11 its obligations under the master contract notwithstanding the exercise of commercially reasonable
12 efforts, any act or judgment of any court granted in any legal proceeding, acts of God such as fire,
13 wind or lightning, earthquakes or other severe weather, delays by subcontractors to provide
14 services due to circumstances such as those cited above.

15 (i) "Gambling game" means any game having the attributes of chance, consideration and
16 prize, including without limitation any banking or percentage game played with cards, dice,
17 dominoes, or any electronic, electrical or mechanical device or machine for money, property, or
18 any representation of value.

19 (j) "Gaming facility" means any facility or venue offering one or more gambling games
20 that is physically located, in whole or in part, in the state, but excluding: (i) bingo; (ii) facilities
21 or venues that only on an occasional basis host such games and then only for the benefit of
22 religious, charitable, educational or fraternal organizations, volunteer fire and rescue companies
23 or other similar non-profit organizations; and (iii) facilities or venues operated pursuant to the
24 IGRA, where such operation is authorized without state consent and does not operate any
25 gambling games other than gambling games specifically authorized under Rhode Island law as of
26 the effective date of this act unless the right of such facility to operate gambling games other than
27 those specifically authorized under Rhode Island law as of the effective date of this act is not
28 derived from an act of the Rhode Island General Assembly, an amendment to the Rhode Island
29 constitution, or a voter referendum conducted pursuant to the Rhode Island constitution
30 permitting the operation of such other gambling games elsewhere in the state other than Lincoln
31 Park.

32 (k) "Gaming facility revenues" means any and all gross receipts derived from all
33 gambling games at a gaming facility less the total of all sums paid out as winnings to patrons,
34 including the cash equivalent of any merchandise or thing of value included in a jackpot or

1 payout.

2 (l) "IGRA" means the Indian Gaming Regulatory Act, 25 U.S.C. Sections 2701-2721, 18
3 U.S.C. Sections 1166-1168.

4 (m) "Investment requirement" has the meaning set forth in Section 3(b) (l) of this act.

5 (n) "Investment requirement assets" has the meaning set forth in Section 3(b)(l) of this
6 act.

7 (o) "Lincoln Park, Inc." means Lincoln Park, Inc., a Rhode Island corporation, f/k/a
8 Burrillville Racing Association, Inc.

9 (p) "Lincoln Park" means the gaming and entertainment facility located at 1600
10 Louisquisset Pike, Lincoln, Rhode Island.

11 (q) "Master contract" means that certain master video lottery retailer contract to be
12 entered into by and between the commission and UTGR as authorized herein.

13 (r) "Net terminal income" has the same meaning presently given the term in section 42-
14 61.2-1(3) of the general laws of the state.

15 (s) "Parity" for a gaming facility means a tax rate structure for such gaming facility that,
16 when compared with the tax rate structure of any other gaming facility that from time to time
17 operates in the state, results in such gaming facility (including its licensee) retaining the same
18 percentage of its gaming facility revenues as such other gaming facility (including its licensee)
19 retains of its gaming facility revenues.

20 (t) "State" means the state of Rhode Island.

21 (u) "State consent" means the failure by the state to exhaust all of its administrative and
22 judicial remedies to oppose the taking or the conversion of land in Rhode Island into trust under
23 25 U.S.C. section 465 where such taking or conversion is for the purpose of gaming under IGRA.

24 (v) "Tax rate structure" means any revenue sharing formula used for determining the
25 apportionment of gaming facility revenues between the state or the commission and any third-
26 party, whether such revenue sharing formula is characterized as a tax, tax rate, gaming split,
27 gaming take, licensing fee, compensation or fees for gaming or other services provided to a
28 gaming facility, or otherwise and taking into account any subsidy, abatement, exemption, tax
29 holiday, tax rebate, tax credit, cash payment or credit and other similar item which has the effect,
30 directly or indirectly, of increasing the share of gaming facility revenues retained by such third-
31 party.

32 (w) "Term" means the term of the master contract, which is eighteen (18) years from the
33 Effective Date of the master contract.

34 (x) "UTGR" means UTGR, Inc., a Delaware corporation and member of the Wembley

1 US Group, and, upon the Effective Date of the Acquisition, a direct or indirect wholly-owned
2 subsidiary of BLB, and including any UTGR business affiliate. References herein to “UTGR”
3 shall include its permitted successors and assigns under the master contract.

4 (y) “UTGR business affiliate” means any corporation, trust, partnership, joint venture or
5 any other form of business entity that controls, is controlled by or is under common control with,
6 UTGR.

7 (z) “Video lottery terminal” has the meaning given the term in section 42-61.2-1(7) of the
8 General Laws of the state as in effect on the date hereof and as operated by the commission on
9 the date hereof.

10 (aa) “Wembley” means Wembley, plc, an entity formed under the laws of the United
11 Kingdom.

12 (bb) “Wembley US Group” means the United States direct and indirect subsidiaries of
13 Wembley in existence on the Effective Date of the Acquisition.

14 SECTION 3. [Authorized procurement of master contract](#)

15 (a) Notwithstanding any provisions of the general laws or regulations adopted thereunder
16 to the contrary, including, but not limited to, the provisions of Chapter 2 of Title 37 and Chapter
17 61 of Title 42 of the General Laws, and the provisions of section 42-61.2-7, the commission is
18 hereby expressly authorized and empowered to enter into the master contract with UTGR for the
19 term and for the following purposes, all of which shall be set forth in more particular detail in the
20 master contract, or if the duly constituted membership of the commission is insufficient to
21 lawfully constitute a quorum or otherwise act, then the executive director of the commission is
22 hereby authorized to take any and all action the commission might have taken, including, without
23 limitation, approving the transfer of video lottery retailer license held by Lincoln Park, Inc. to
24 UTGR:

25 (1) To license 4,752 video lottery terminals at Lincoln Park to UTGR during the term,
26 including first the 3,002 existing authorized video lottery terminals, and replacements thereof
27 from time to time, at Lincoln Park (herein, the “Existing Authorized Terminals”), and then 1,750
28 additional video lottery terminals, and replacements thereof from time to time, as are hereby
29 authorized for Lincoln Park (herein, the “Additional Authorized Terminals”);

30 (2) To fix in the master contract the allocation of net terminal income attributable to the
31 Existing Authorized Terminals as follows:

32 (i) To UTGR when it shall become the licensed video lottery retailer: twenty-eight and
33 eighty-five hundredths percent (28.85%);

34 (ii) The commission shall have the authority to determine the placement and location of

1 the Existing Authorized Terminals under the terms of this act and the master contract.

2 (3) To fix in the master contract the allocation of net terminal income attributable to the
3 Additional Authorized Terminals as follows:

4 (i) To UTGR when it shall become the licensed video lottery retailer: twenty-six percent
5 (26%);

6 (ii) The commission shall have the authority to determine the placement and location of
7 the Additional Authorized Terminals under the terms of this act and the master contract.

8 (4) To provide in the master contract that the allocations set forth above in Section
9 3(a)(2)(i) and Section 3(a)(3)(i) shall be calculated on a pro rata basis as follows:

10 (i) net terminal income x [(number of Existing Authorized Terminals in operation)/total
11 number of video lottery terminals in operation for the calculation period) x .2885; plus

12 (ii) (number of Additional Authorized Terminals in operation for the calculation period
13 /total number of video lottery terminals in operation for the calculation period) x .2600].

14 (5) To include in the master contract all other terms and conditions appropriate to
15 contracts of this type, as acceptable to the commission.

16 (6) To establish an advisory committee (the “advisory committee”), the purpose of which
17 shall be to consider and advocate programs and initiatives from time to time to benefit all
18 constituencies with an interest in the continued economic success of Lincoln Park, and in
19 particular, the recommendation of steps to coordinate the operation of Lincoln Park with the state
20 and municipal agencies to maximize the efforts of joint marketing campaigns designed to benefit
21 both Lincoln Park and other state-based businesses. The advisory committee shall meet
22 quarterly, shall select from one of its members a chairperson and shall adopt by-laws to govern its
23 meetings. The advisory committee shall consist of six (6) members as follows: One (1) member
24 representing UTGR or a UTGR business affiliate appointed by UTGR; one (1) member
25 representing the town of Lincoln, Rhode Island, appointed by the Lincoln town administrator
26 with the advice and consent of the Lincoln town council; one (1) member representing the Rhode
27 Island Convention Center Authority, which may be either a member of the board of
28 commissioners or a designee appointed by the board; one (1) member representing the Greater
29 Providence Chamber of Commerce appointed by that entity; one (1) member representing the
30 Northern Rhode Island Chamber of Commerce appointed by that entity, and one (1) member
31 representing the Providence-Warwick Convention Visitors Bureau appointed by that entity.

32 (7) To provide for the following limitations on the use of Lincoln Park during the term:
33 no hotel will be constructed or operated at Lincoln Park or by the then owner or operator of
34 Lincoln Park (or their respective commonly controlled affiliates) in close proximity to the

1 facility; and the facility will not be marketed as a venue for conventions or events of the type
2 which are part of the target market for the Rhode Island convention center authority, the
3 Providence Performing Arts Center, or the Veterans Memorial Auditorium, including Broadway
4 or Broadway-type plays, or any theatrical performances of a musical, non-musical, or comedic
5 variety (except that this limitation shall not prohibit the facility from being marketed to hold, and
6 from holding, holiday fairs for local businesses, concerts, sporting and other entertainment events
7 which are open generally to the public and if held in an indoor events venue at Lincoln Park, with
8 no stage house, and with a non-fixed seating capacity of such venue not to exceed 1,500 people
9 for musical concerts and comedy shows, and 2,100 people for all other events).

10 (b) Under the terms of the master contract authorized under this act, UTGR shall agree
11 that during the term it shall undertake, among others, the following obligations:

12 (1) UTGR will invest, in the aggregate, within three (3) years following the effective date
13 of the master contract in accordance with a schedule set forth in the master contract (but subject
14 to an extension of the original three (3) year period as set forth in Section 3(c) below), at least one
15 hundred twenty-five million dollars (\$125,000,000) of total project costs, including “hard” and
16 allowable “soft” costs (the “investment requirement”), in connection with: (i) additions,
17 renovations and/or improvements to Lincoln Park and to appurtenant real or personal property,
18 including without limitation, improvements designed and constructed to provide access to
19 Lincoln Park; and (ii) performing UTGR's obligations regarding investment requirements under
20 the master contract (“investment requirement assets”). “Hard costs” shall mean all costs that in
21 accordance with United States generally accepted accounting principles (“GAAP”) are
22 appropriately chargeable to the capital accounts of UTGR or would be so chargeable either with
23 an election by UTGR or but for the election of UTGR to expense the amount of the item, and
24 “soft costs” shall mean all other costs appropriately chargeable to the investment requirement
25 which are not hard costs in accordance with GAAP. In determining whether the investment
26 requirement has been satisfied, soft costs in excess of ten million dollars (\$10,000,000) shall be
27 excluded;

28 (2) On or before the dates set forth in the master contract and in all events on that date
29 which is 90 days after the third anniversary of the effective date of the master contract (as such
30 original three (3) year period may have been extended as set forth in Section 3(c) below), UTGR
31 shall submit to the commission UTGR's certification, certified by a certified public accounting
32 firm acceptable to the commission and using procedures approved by the commission not
33 inconsistent with GAAP, providing its professional opinion, on behalf of itself and its applicable
34 UTGR business affiliates as to the aggregate amounts expended, allocated between “hard” and

1 allowable “soft” costs in respect of the investment requirement, so as to enable the commission to
2 measure UTGR's investment requirement assets and to confirm UTGR's compliance with its
3 obligation under Section 3(b)(1) hereof. UTGR shall pay all costs of obtaining and preparing the
4 professional opinion obtained from the certified public accounting firm required by this
5 subsection; and

6 (3) BLB and UTGR shall agree that neither of them nor any UTGR business affiliate or
7 BLB affiliate shall, directly or indirectly, provide any financial support to the passage of any
8 legislation or any voter referendum promoting or authorizing establishment of any additional
9 gaming facilities in the state beyond those existing at Lincoln Park and the Newport Jai Lai
10 facility; provided, however, that, if any such additional gaming facility is hereafter authorized by
11 the state, UTGR shall not be precluded from: (i) participating in the ownership and operation
12 thereof unless such facility is located on Indian lands as that term is defined by IGRA; or (ii)
13 financially supporting the passage of any legislation and/or voter referendum promoting or
14 authorizing similar gambling games at Lincoln Park to those at such additional gaming facility.

15 (c) The master contract shall also provide, without limitation, that the commission shall
16 be entitled to, among other things, terminate the master contract if UTGR fails to fulfill the
17 aggregate investment requirement pursuant to Section 3(b)(1) hereof prior to that date which is
18 three (3) years from the effective date of the master contract, unless such failure is attributable to:
19 (i) the failure to receive the necessary local approvals in connection with the improvements,
20 construction and other activities referenced in Section 3(b)(1), notwithstanding the use of UTGR's
21 commercially reasonable efforts to obtain such approval; (ii) delays attendant to any litigation
22 brought by any third-party contesting in any way the construction of the improvements and
23 having the effect of delaying the expenditure of the investment requirement and which litigation
24 is ultimately resolved in a manner allowing the expenditure of the investment requirement to
25 proceed; or (iii) the occurrence of one or more force majeure events beyond the control of UTGR.
26 The aforesaid original three (3) year period shall be extended by the number of days delay
27 occurring as a result of any one or more of the events described in clauses (i), (ii) or (iii) of the
28 preceding sentence.

29 (d) The master contract shall also provide that, following completion of the investment
30 requirement, UTGR shall maintain Lincoln Park in a manner substantially consistent with first
31 class racinos operated elsewhere in the United States.

32 SECTION 4. Parity. -- (a) In view of the current and prospective economic benefits
33 afforded to the state and to all other parties benefiting from the commercial activities operated at
34 Lincoln Park, and in order to better assure, throughout the term, that Lincoln Park and the

1 business conducted thereon will be able to compete fairly with any other gaming facilities
2 operating from time to time within the state, during the term, the state, including any agency or
3 instrumentality thereof, does hereby expressly pledge and agree that the owner of Lincoln Park
4 and the business operated thereon shall be afforded parity with any gaming facility except as
5 currently exists for Lincoln Park and Newport Jai Ali under the provisions of section 42-61.2-
6 7(a)(2) as currently in effect if:

7 (i) During the term of the master contract, a new gaming facility becomes operational;
8 (ii) Neither UTGR nor any UTGR business affiliate is involved in any way in the
9 operation or ownership of such new gaming facility; and
10 (iii) UTGR is not in default of any material covenant, term or condition of the master
11 contract that has not been cured within the applicable cure periods therefore set forth in the
12 master contract.

13 (b) By way of example, and without limitation on any of the provisions in Section 4(a)
14 hereof, in the event an owner or licensee (or their respective affiliates) of such new gaming
15 facility is permitted by state law, rule, regulation or other authority to have an applicable tax rate
16 structure imposed upon their gaming facility revenues that is less onerous or more favorable to
17 such owner or licensee than that imposed upon the gaming facility revenues at Lincoln Park, then
18 UTGR's tax rate structure shall be adjusted to provide it with parity with such other gaming
19 facility for all portions of the term during which such other gaming facility shall be operating.

20 (c) Except as currently exists for Lincoln Park and Newport Jai Ali under the provisions
21 of subsection 42-61.2-7(a)(2) and except as hereinafter expressly provided in this Section 4
22 hereof, the state hereby expressly agrees under this act: (i) not to enter into any agreement or
23 adopt, modify or amend any law, rule or regulation that would impair the rights of UTGR under
24 this act and under the master contract; and (ii) that the failure to provide UTGR with parity as
25 described in this Section 4 and in the master contract shall constitute a violation of this act and a
26 breach of the master contract, and shall entitle UTGR to bring a claim against the commission
27 and the state for actual damages and/or specific performance and/or other equitable relief,
28 notwithstanding any limitation on such damages imposed by the laws of the state. For purposes
29 of computing the actual damages with respect to any claim by UTGR against the state or the
30 commission for a failure to provide parity pursuant to the provisions of this act and the master
31 contract, "actual damages" means the positive difference between: (i) the gaming facility
32 revenues UTGR would have retained had the state or the commission provided parity for the
33 period of time that the state or commission fails to provide parity during the term of the master
34 contract; and (ii) the gaming facility revenues actually retained by UTGR.

1 (d) Notwithstanding anything in this Section 4 to the contrary, nothing in this act shall
2 limit the authority of the commission to enforce its rights under the master contract or the state to
3 enact, adopt and enforce laws and regulations which are of general application.

4 SECTION 5. Prerequisites to state undertaking construction so as to provide additional
5 access/egress to Lincoln Park.

6 (a) As a prerequisite to the state's obligation to provide improvements to the access
7 and/or egress to Lincoln Park pursuant to the provisions of subsection (b) hereof, it shall be
8 required that all the conditions set forth in the master contract be satisfied, including the
9 following:

- 10 (1) The passage of this act by the General Assembly;
- 11 (2) The closing of the Acquisition by BLB, or a BLB Affiliate, of the Wembley US
12 Group, including without limitation, UTGR;
- 13 (3) The master contract has been signed by UTGR and the Executive Director of the
14 Rhode Island Lottery, having obtained the prior approval of the commission where the
15 commission's approval is required by this act;
- 16 (4) The completed transfer to UTGR by Lincoln Park, Inc. of the video lottery retailer
17 license issued to Lincoln Park, Inc. by the commission, including the approval by the commission
18 of UTGR as a licensed video lottery retailer; and
- 19 (5) The completed transfer to UTGR by Lincoln Park, Inc. of the pari-mutuel license
20 issued to Lincoln Park, Inc. by the DBR, including the approval by the DBR of UTGR as a pari-
21 mutuel licensee.

22 (b) The state, acting through the Rhode Island department of transportation or other
23 relevant agency shall provide the necessary road cuts, bridges, tunnels, highway widening, traffic
24 lights and the related signage on and from Route 146 as may be necessary in order to improve
25 access to and egress from Lincoln Park (and as set forth in the final highway improvement plans
26 provided by BLB or a BLB affiliate that are approved by the Rhode Island department of
27 transportation). Such construction shall be designed so as to minimize the amount of motor
28 vehicle traffic use and/or travel upon secondary roads and/or through residential neighborhoods
29 surrounding Lincoln Park. UTGR shall provide and pay for the design of such improvements and
30 upon completion thereof and approval by the state, the state shall take all reasonable steps to have
31 such improvements included in the state transportation improvement plan or to cause such
32 improvements to be exempt therefrom. The state shall pay all costs for the construction of such
33 improvements up to an aggregate of five million dollars (\$5,000,000), and UTGR shall pay any
34 costs in excess thereof.

1 SECTION 6. Inconsistent provisions. Insofar as the provisions of this act are inconsistent
2 with the provisions of any other general or special law, including, without limitation, the
3 provisions of Chapter 2 of Title 37 and Chapter 61 of Title 42, the provisions of this act shall be
4 controlling.

5 SECTION 7. State's Obligations Contingent Upon Acquisition Completion. The
6 obligations of the state, including the department of transportation and/or the commission, set
7 forth under the provisions of this act shall be and are hereby declared to be expressly contingent
8 upon the acquisition of the Wembley US Group by BLB or a BLB Affiliate taking place, as
9 contemplated in this act. Except as may be permitted by the master contract, this act shall not be
10 deemed and/or construed to create and or vest any rights in BLB or a BLB Affiliate which may be
11 assigned, delegated, and/or otherwise transferred to any other entity.

12 SECTION 8. Sections 42-61.2-1 and 42-61.2-7 of the General Laws in Chapter 42-61.2
13 entitled "Video Lottery Terminal" are hereby amended to read as follows:

14 **42-61.2-1. Definitions.** -- For the purpose of this chapter, the following words shall
15 mean:

16 (1) "Additional Authorized Terminals" means those video lottery terminals to be installed
17 at Lincoln Park pursuant to Section 3(a)(1) of Public Laws 2005, Chapter () and
18 the UTGR Master Contract.

19 ~~(1)~~ (2) "Central communication system" means a system approved by the lottery
20 commission, linking all video lottery machines at a licensee location to provide auditing program
21 information and any other information determined by the lottery. In addition, the central
22 communications system must provide all computer hardware and related software necessary for
23 the establishment and implementation of a comprehensive system as required by the commission.
24 The central communications licensee may provide a maximum of fifty percent (50%) of the video
25 lottery terminals.

26 (3) "First Implementation Year" means the fiscal year in which the first of the Additional
27 Authorized Terminals are installed and operating at Lincoln Park.

28 (4) "GTECH Master Contract" means the contract set forth and referred to in Public Laws
29 2003, Chapter 32.

30 ~~(2)~~ (5) "Licensed video lottery retailer" means a pari-mutuel licensee specifically
31 licensed by the director subject to the approval of the commission to become a licensed video
32 lottery retailer.

33 (6) "Lincoln additional revenues" means net terminal income per video lottery terminal
34 per day (NTI/VLT/DAY) of each of the additional one thousand seven hundred fifty (1,750)video

1 lottery terminals multiplied by the number of days in operation.

2 (7) "Lincoln base year" is the fiscal year immediately preceding the first implementation
3 year.

4 (8) "Lincoln existing revenues" means the net terminal income on each of the existing
5 three thousand two (3,002) video lottery terminals multiplied by the number of days in operation
6 during the fiscal year.

7 (9) "Lincoln protected revenues" means the net terminal income per video lottery
8 terminal per day (NTI/VLT/DAY) generated at the Lincoln Greyhound Park multiplied by the
9 number of video lottery terminals in operation multiplied by the number of days of operating
10 during the Lincoln base year, increased by the three (3) year average growth of total net terminal
11 income as of June 30, 2005 for the fiscal year ending June 30, 2006; ninety-five percent (95%) of
12 the three (3) year average growth of total net terminal income as of June 30, 2005 for the fiscal
13 year ending June 30, 2007; eighty-five percent (85%) of the three (3) year average growth of total
14 net terminal income as of June 30, 2005 for the fiscal year ending June 30, 2008; seventy-five
15 percent (75%) of the three (3) year average growth of total net terminal income as of June 30,
16 2005 for the fiscal year ending June 30, 2009 and each year thereafter.

17 (10) "Lincoln net new revenue" means the sum of Lincoln additional revenue and Lincoln
18 foregone revenue.

19 (11) "Lincoln foregone revenues" means the difference between Lincoln existing
20 revenues and Lincoln projected revenues for each fiscal year.

21 (12) "Lincoln Park" means the gaming and entertainment facility located at 1600
22 Louisquisset Pike, Lincoln, Rhode Island.

23 ~~(3)~~ (13) "Net terminal income" means currency placed into a video lottery terminal less
24 credits redeemed for cash by players.

25 ~~(4)~~ (14) "Pari-mutuel licensee" means an entity licensed and authorized to conduct:

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

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

28 (15) "State share of Lincoln net new revenue" shall mean the net terminal income derived
29 from the operation of video lottery terminals at Lincoln Park not distributed to other parties
30 pursuant to section 42-61.2-7 of the general laws or the GTECH Master Contract or the UTGR
31 Master Contract.

32 ~~(5)~~ (16) "Technology provider" means any individual, partnership, corporation, or
33 association that designs, manufactures, installs, operates, distributes or supplies video lottery
34 machines or associated equipment for the sale or use in this state.

1 [\(17\) "UTGR Master contract" means the contract set forth and referred to in Section 1 of](#)
2 [Public Laws 2005, Chapter: \(_____ \).](#)

3 ~~(6)~~ (18) "Video lottery games" means lottery games played on video lottery terminals
4 controlled by the lottery commission.

5 ~~(7)~~ (19) "Video lottery terminal" means any electronic computerized video game
6 machine that, upon the insertion of cash, is available to play a video game authorized by the
7 lottery commission, and which uses a video display and microprocessors in which, by chance, the
8 player may receive free games or credits that can be redeemed for cash. The term does not
9 include a machine that directly dispenses coins, cash, or tokens.

10 **42-61.2-7. Division of revenue.** -- (a) Notwithstanding the provisions of section 42-61-
11 15, the allocation of net terminal income derived from video lottery games is as follows:

12 (1) For deposit in the general fund [revenues not otherwise herein directed to the Property](#)
13 [Tax Relief Reserve Fund established herein](#), and to the state lottery commission fund for
14 administrative purposes: Net terminal income not otherwise disbursed in accordance with
15 subdivisions (a)(2) through (a)(5) herein;

16 (2) To the licensed video lottery retailer: ~~(a) Lincoln Greyhound Park twenty-eight and~~
17 ~~eighty-five hundredths percent (28.85%); (b) (a) Newport Jai Ali twenty-six percent (26%);~~

18 [\(b\)\(i\) Prior to the effective date of the UTGR Master Contract, to the present licensed](#)
19 [video lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract, twenty-](#)
20 [eight and eighty-five one-hundredths percent \(28.85%\);](#)

21 [\(ii\) On and after the effective date of the UTGR Master Contract, to the licensed video](#)
22 [lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said](#)
23 [Master Contract;](#)

24 (3) (i) To the technology providers who are not a party to the [GTECH](#) Master Contract
25 as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net
26 terminal income of the provider's terminals. The lottery commission shall implement an incentive
27 structure for the providers for Fiscal Year 2004 only, based on machine performance, not to
28 exceed eight and one-half percent (8.5%) of net terminal income of the provider's terminals. The
29 lottery commission shall present this incentive structure in a report to the speaker of the house,
30 the president of the senate and the governor, at least ninety (90) days prior to implementation of
31 the incentive structure;

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

34 (4) To the city or town in which the licensed video retailer is licensed: one percent (1%);

1 provided, however, beginning January 1, 2005, the town of Lincoln shall receive one and one
2 quarter percent (1.25%) of Lincoln projected revenues plus one and one half percent (1.5%) of
3 Lincoln net new revenues; and

4 (5) To the Narragansett Indian Tribe, five percent (5%) of Lincoln net new revenue up to
5 a maximum of ten million dollars (\$10,000,000) per year, which shall be paid to the Narragansett
6 Indian Tribe for the account of a Tribal Development Fund to be used for the purpose of
7 encouraging and promoting: home ownership and improvement; elderly housing; adult vocational
8 training; health and social services; childcare; natural resource protection; and economic
9 development consistent with state law;

10 ~~(5)~~ (6) Unclaimed prizes and credits shall remit to the general fund of the state; and

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

14 (b) Provided, however, that for the fiscal year commencing July 1, 1993 and subsequent
15 fiscal years, the sum of five million dollars (\$5,000,000) to the extent possible shall be
16 contributed to the distressed communities relief program, pursuant to section 45-13-12, to be
17 distributed according to the formula and the contributions shall be as follows:

18 (1) One million one hundred fifty-two thousand six hundred eighty-three dollars
19 (\$1,152,683) of the net terminal income due retailers under subdivision (a)(2) deposited as
20 general revenues as follows: Lincoln Greyhound Park seven hundred sixty-seven thousand, six
21 hundred eighty-seven dollars (\$767,687) and Newport Jai Alai Fronton three hundred eighty-four
22 thousand nine hundred ninety-six dollars (\$384,996).

23 (2) Six hundred and twenty-eight thousand seven hundred and thirty-seven dollars
24 (\$628,737) of the net terminal income due the technology providers under subsection (a)(3)
25 deposited as general revenues.

26 (3) Three million dollars (\$3,000,000) from the state general revenue fund.

27 (c) Property Tax Relief Reserve Fund: Further provided, however, that the state's share of
28 Lincoln net new revenue after deducting the amounts set aside pursuant to subsections (a)(4) and
29 (5) hereof and after the state general fund's share of Lincoln projected revenues are realized, shall
30 be reserved for property tax relief. The state's share of Lincoln net new revenues shall be reserved
31 by the State Controller based upon cash transmittals from the lottery commission and shall be
32 deposited in a fund entitled "The Property Tax Relief Reserve Fund" for the sole purpose of
33 funding expenditures in the subsequent fiscal year, subject to general assembly appropriation. The
34 amount reserved at the close of the fiscal year shall be adjusted based upon final audited

1 statements from the lottery commission. Twenty percent (20%) up to a maximum of twenty
2 million dollars (\$20,000,000) per year, shall be appropriated for the distressed communities relief
3 program to be administered pursuant to the general laws section 45-13-12(f); provided, further,
4 that the Distressed Communities Program shall receive the first distribution and after the
5 Distressed Communities' twenty percent (20%) is distributed the balance of the fund shall be
6 distributed thirty-one percent (31%) up to a maximum of ten million dollars (\$10,000,000) per
7 year under The Property Tax Relief Act, to be administered pursuant to general laws section 44-
8 33-1, et. seq. and sixty-nine percent (69%) up to a maximum of one hundred and twenty-five
9 million dollars (\$125,000,000) per year to the Motor Vehicle and Trailer Excise Tax Elimination
10 Act of 1998, to be administered pursuant to the general laws section 44-34.1-1, et. seq. Upon
11 achievement of the funding levels herein, any remaining amounts in the Property Tax Reserve
12 Fund shall revert to the state general fund.

13 SECTION 9. Section 45-13-12 of the General Laws in Chapter 45-13 entitled "State Aid"
14 is hereby amended to read as follows:

15 **45-13-12. Distressed communities relief fund.** -- (a) There is established a fund to
16 provide state assistance to those Rhode Island cities and towns which have the highest property
17 tax burdens relative to the wealth of taxpayers.

18 (b) Establishment of indices. - Four (4) indices of distress shall be established to
19 determine eligibility for the program. Each community shall be ranked by each distress index and
20 any community which falls into the lowest fifteen percent (15%) of at least three (3) of the four
21 (4) indices shall be eligible to receive assistance. The four (4) indices are established as follows:

22 (1) Percent of tax levy to full value of property. - This shall be computed by dividing the
23 tax levy of each municipality by the full value of property for each municipality. For the 1990-91
24 fiscal year, tax levy and full value shall be as of the assessment date December 31, 1986.

25 (2) Per capita income. - This shall be the most recent estimate reported by the U.S.
26 department of commerce, bureau of the census.

27 (3) Percent of personal income to full value of property. - This shall be computed by
28 multiplying the per capita income above by the most recent population estimate as reported by the
29 U.S. department of commerce, bureau of the census, and dividing the result by the full value of
30 property.

31 (4) Per capita full value of property. - This shall be the full value of property divided by
32 the most recent estimate of population by the U.S. department of commerce, bureau of the census.

33 (c) Distribution of funds. - Funds shall be distributed to each eligible community on the
34 basis of the community's tax levy relative to the total tax levy of all eligible communities. For the

1 fiscal year 1990-91, the reference year for the tax levy shall be the assessment date of December
2 31, 1988. For each fiscal year thereafter, the reference year and the fiscal year shall bear the same
3 relationship.

4 (d) Appropriation of funds. - The state of Rhode Island shall appropriate to eligible
5 communities the collections from the real estate conveyance tax pursuant to section 44-25-1(c)
6 which have been deposited as general revenues. Provided, however, in fiscal years 2004 and 2005
7 the State of Rhode Island shall distribute to eligible communities the funds appropriated to the
8 distressed communities relief program in the annual appropriation act, including collections from
9 the video lottery terminal revenue pursuant to section 42-61.2-7(b).

10 (e) Payments. - Payments shall be made to eligible communities each March from
11 amounts collected pursuant to section 44-25-1(c) during the period July 1 to December 31 and in
12 August from collections during the period January 1 to June 30. Provided, however, in fiscal
13 years 2004 and 2005 payments shall be made to eligible communities as follows: fifty percent
14 (50%) in August of each fiscal year and fifty percent (50%) in the following March of each fiscal
15 year.

16 (f) Supplemental distribution from "The Property Tax Relief Reserve Fund." That portion
17 of the "state's share of Lincoln new net revenue" as that term is defined in subsection 42-61.2-
18 1(15) of the general laws and provided for pursuant to the terms of general laws subsection 42-
19 61.2-7(c) shall be distributed equally to eligible communities notwithstanding any other provision
20 of the general laws or this chapter to the contrary except that no eligible community shall receive
21 more than twenty-five percent (25%) of that community's currently enacted municipal budget as
22 its share under this specific subsection. Distributions made under this specific subsection are
23 supplemental to all other distributions made under any portion of general laws section 45-13-12.

24 SECTION 10. Section 44-33-2.1 of the General Laws in Chapter 44-33 entitled "Property
25 Tax Relief" is hereby amended to read as follows:

26 **44-33-2.1. Property tax relief -- Limitation.** -- (a) Appropriations from the general fund
27 for property tax relief provided by this chapter shall be in the amount of six million dollars
28 (\$6,000,000) for fiscal year 1998-1999 and for each subsequent fiscal year.

29 (b) A claimant sixty-five (65) years of age or older, and/or disabled during any portion of
30 the year for which the claim was filed shall be paid in full upon receipt of his or her claim for
31 relief under this chapter.

32 (c) The tax administrator shall not pay any claims to claimants who were under sixty-
33 five (65) years of age or not disabled on the last day of the taxable year for which the claim is
34 made until the total amount of all timely-filed claims has been paid under subsection (b) of this

1 section. This balance shall be determined as of June 30 annually less the sum of fifty thousand
2 dollars (\$50,000) annually for payment of late-filed claims approved by the tax administrator
3 under section 44-33-18.

4 (d) If insufficient funds exist as of June 30 annually to pay the full amount of all claims
5 of persons under sixty-five (65) years of age and/or not disabled on the last day of the taxable
6 year for which the claim is made, the tax administrator shall make payments to each claimant
7 proportionately. No payment shall exceed one hundred percent (100%) of the amount of the
8 claim.

9 (e) Late-filed claims approved under section 44-33-18 for claimants sixty-five (65) years
10 of age or older and/or disabled are paid in full upon receipt of his or her claim for relief under this
11 chapter. Late-filed claims approved under section 44-33-18 for claimants under sixty-five (65)
12 years of age and/or not disabled are paid at the same percentage as determined under subsection
13 (d) of this section.

14 (f) Supplemental distribution from "The Property Tax Relief Reserve Fund." That portion
15 of the "state's share of Lincoln net new revenue" as that term is defined in subsection 42-61.2-
16 1(15) of the general laws and provided for pursuant to the terms of general laws subsection 42-
17 61.2-7(c) shall be in addition to the amount appropriated in subsection (a) of this section. Once
18 there are sufficient additional funds, the maximum credit defined in subsection 44-33-9(2) shall
19 increase by increments of fifty dollars (\$50.00) until a maximum credit of five hundred dollars
20 (\$500) is obtained.

21 SECTION 11. Section 44-34.1-1 of the General Laws in Chapter 44-34.1 entitled "Motor
22 Vehicle and Trailer Excise Tax Elimination Act of 1998" is hereby amended to read as follows:

23 **44-34.1-1. Excise tax phase-out.** -- (a) (1) Notwithstanding the provisions of chapter 34
24 of this title or any other provisions to the contrary, the motor vehicle and trailer excise tax
25 established by section 44-34-1 may be phased out by the fiscal year 2008. The phase-out shall
26 apply to all motor vehicles and trailers, including leased vehicles. (2) Lessors of vehicles that pay
27 excise taxes directly to municipalities shall provide lessees, at the time of entering into the lease
28 agreement, an estimate of annual excise taxes payable throughout the term of the lease. In the
29 event the actual excise tax is less than the estimated excise tax, the lessor shall annually rebate to
30 the lessee the difference between the actual excise tax and the estimated excise tax.

31 (b) Pursuant to the provisions of this section, all motor vehicles shall be assessed a value
32 by the vehicle value commission. That value shall be assessed according to the provisions of
33 section 44-34-11(c)(1) and in accordance with the terms as defined in subsection (d) of this
34 section; provided, however, that the maximum taxable value percentage applicable to model year

1 values as of December 31, 1997, shall continue to be applicable in future year valuations aged by
2 one year in each succeeding year.

3 (c) (1) The motor vehicle excise tax phase-out shall commence with the excise tax bills
4 mailed to taxpayers for the fiscal year 2000. The phase-out, beyond fiscal year 2003, shall be
5 subject to annual review and appropriation by the general assembly. The tax assessors of the
6 various cities and towns and fire districts shall reduce the average retail value of each vehicle
7 assessed by using the prorated exemptions from the following table:

8 Local Fiscal Year		State fiscal year
9 Exempt from value	Local Exemption	Reimbursement
10 fiscal year 1999	0	\$1,500
11 fiscal year 2000	\$1,500	\$2,500
12 fiscal year 2001	\$2,500	\$3,500
13 fiscal year 2002	\$3,500	\$4,500
14 fiscal year 2003		
15 and each year thereafter	\$4,500	\$4,500

16 No city or town shall, in preparation of its annual budget, plan or otherwise rely on the
17 continuation of said phase-out beyond fiscal year 2003, unless it is specifically approved by the
18 general assembly. (2) The excise tax phase-out shall provide levels of assessed value reductions
19 until the tax is eliminated or reduced as provided in this chapter. (3) Current exemptions shall
20 remain in effect as provided in this chapter. (4) The excise tax rates and ratios of assessment
21 shall not be greater than fiscal year 1998 levels for each city, town, and fire district; provided, in
22 the town of Johnston the excise tax rate and ratios of assessment shall not be greater than fiscal
23 year 1999 levels and in no event shall the final taxable value of a vehicle be higher than assessed
24 in the prior fiscal year, and the levy of a city, town, or fire district shall be limited to the lesser of
25 the maximum taxable value or net assessed value for purposes of collecting the tax in any given
26 year.

27 (d) Definitions. (1) "Maximum taxable value" means the value of vehicles as prescribed
28 by section 44-34-11 reduced by the percentage of assessed value applicable to model year values
29 as determined by the Rhode Island vehicle value commission as of December 31, 1997, for the
30 vehicles valued by the commission as of December 31, 1997. For all vehicle value types not
31 valued by the Rhode Island vehicle value commission as of December 31, 1997, the maximum
32 taxable value shall be the latest value determined by a local assessor from an appropriate pricing
33 guide, multiplied by the ratio of assessment used by that city, town, or fire district for a particular
34 model year as of December 31, 1997. (2) "Net assessed value" means the motor vehicle values as

1 determined in accordance with section 44-34-11 less all personal exemptions allowed by cities,
2 towns, fire districts, and the state of Rhode Island exemption value as provided for in section 44-
3 34.1-1(c)(1).

4 (e) Supplemental distribution from "The Property Tax Relief Reserve Fund." That portion
5 of the "state's share of Lincoln net new revenue" as that term is defined in subsection 42-61.2-
6 1(15) of the general laws and provided for pursuant to the terms of general laws subsection 42-
7 61.2-7(c) shall be in addition to the amount appropriated to fund the four thousand five hundred
8 dollars (\$4,500) exemption from local value as defined in subsection 44-34.1-1(c). Once there are
9 sufficient additional funds the maximum exemption from local value as defined in subsection 44-
10 34.1-1(c) shall increase by increments of five hundred dollars (\$500) until the motor vehicle
11 excise tax is completely phased-out.

12 SECTION 12. Severability. If any clause, sentence, paragraph, section, or part of this act
13 shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not
14 affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to clause,
15 sentence, paragraph, section or part directly involved in the controversy in which such judgment
16 shall have been rendered.

17 SECTION 13. This act shall take effect upon passage.

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LC02842/SUB A
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

ENABLING THE RHODE ISLAND LOTTERY COMMISSION'S ENTRY INTO A MASTER
VIDEO LOTTERY TERMINAL CONTRACT WITH UTGR, INC.

- 1 This act would enable the Rhode Island Lottery Commission to enter into a Master Video
- 2 Lottery Terminal Contract with UTGR, Inc.
- 3 This act would take effect upon passage.

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SUBSTITUTE A

H.

A N A C T

ENABLING THE RHODE ISLAND LOTTERY COMMISSION'S ENTRY INTO A MASTER VIDEO
LOTTERY TERMINAL CONTRACT WITH UTGR, INC.

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Presented by