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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO REVENUE PROTECTION

Introduced By: Representatives Melo, San Bento, Jackson, Petrarca, and Mattiello

Date Introduced: May 24, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Purpose. The general assembly hereby finds that:
- 2 (a) The Twin River facility located in the Town of Lincoln (“Twin River”) is an
- 3 important source of revenue for the state of Rhode Island, having been licensed by the Rhode
- 4 Island Department of Business Regulation to conduct pari-mutuel wagering, and at which the
- 5 Division (as defined herein) operates games of the Rhode Island Lottery.
- 6 (b) The Newport Grand facility located in the City of Newport (“Newport Grand”) is an
- 7 important source of revenue for the state of Rhode Island, having been licensed by the Rhode
- 8 Island Department of Business Regulation to conduct pari-mutuel wagering, and at which the
- 9 Division (as defined herein) operates games of the Rhode Island Lottery.
- 10 (c) In a study commissioned by the Rhode Island Department of Revenue, Christiansen
- 11 Capital Advisors, LLC anticipated that competition from gaming facilities recently authorized in
- 12 Massachusetts could have a 25-40% negative impact on state revenues generated from state-
- 13 operated gaming in Rhode Island, amounting to losses to the state of one hundred million dollars
- 14 (\$100,000,000) or more in annual revenue.
- 15 (d) Revenues generated from state-operated gaming in Rhode Island constitute the third
- 16 largest source of revenue to the state, behind only revenue generated from income taxes and sales
- 17 and use taxes.
- 18 (e) Accordingly, competition from gaming facilities in Massachusetts present an
- 19 imminent threat to revenues generated by the state, and thus an imminent threat to the public

1 welfare.

2 (f) It is therefore imperative that action be taken to ameliorate the anticipated adverse
3 effects on state revenues from competition from gaming facilities recently authorized in
4 Massachusetts.

5 (g) It is also imperative that action be taken to preserve and protect the state's ability to
6 maximize revenues at Twin River and Newport Grand in an increasingly competitive gaming
7 market by expanding critical revenue-driving promotional programs through legislative
8 authorization and necessary amendments to contracts, previously authorized by the General
9 Assembly, to position the promotional programs for long-term success.

10 (h) It is also in the best interest of the state to preserve public confidence in the integrity
11 of Rhode Island gaming by authorizing the Division to promulgate regulations to direct and
12 control state-operated Table Gaming (as defined herein).

13 (i) It is the intent of the general assembly that this act address, independently: (1) Section
14 8 of Chapter 151, Article 25 of the Public Laws of 2011 authorizing a referendum question to be
15 submitted to statewide and Town of Lincoln voters at the next general election asking such voters
16 to approve Casino Gaming (as defined therein) at Twin River; and (2) Section 1 of Chapters 24
17 and 25 of the Public Laws of 2012 authorizing a referendum question to be submitted to statewide
18 and City of Newport voters at the next general election asking such voters to approve Casino
19 Gaming at Newport Grand; it being the intent of the General Assembly that the voters' actions on
20 the referendum questions as to Twin River be independent of the voters' actions on the
21 referendum questions as to Newport Grand.

22 (j) It is also the intent of the general assembly that this act satisfies the general assembly's
23 obligations pursuant to subdivision 42-61.2-2.1(b)(4) of the Rhode Island General Laws.

24 (k) It is also the intent of the general assembly that this act, being necessary to address an
25 imminent threat to the public welfare, as aforesaid, shall be liberally construed so as to effectuate
26 its purposes, including without limitation, the state's attempt to minimize certain commercial
27 risks faced by UTGR (as defined herein) and Newport Grand, LLC (as defined herein) by
28 entering into agreements with the Division.

29 SECTION 2. Definitions. (a) For the purposes of this act, the following terms shall have
30 the following meanings:

31 (1) "Division" means the division of lotteries within the department of revenue and/ or
32 any successor as party to the UTGR Master Contract, the Newport Grand Master Contract and the
33 GTECH Master Contract.

34 (2) "GTECH Master Contract" means that certain Master Contract made as of May 12,

1 2003 pursuant to Chapters 32 and 33 of the Public Laws of 2003, as amended from time to time.

2 (3) "Initial Promotional Points Program" means that promotional points program
3 authorized in Section 4(a)(ii) of Part A as to Twin River and Part B as to Newport Grand of
4 Chapter 16 of the Public Laws of 2010, as amended by Section 8 of Chapter 151, Article 25 of
5 the Public Laws of 2011.

6 (4) "Newport Grand, LLC" means that limited liability company defined in Chapter 16 of
7 the Public Laws of 2010, Part B, Section 2(l).

8 (5) "Newport Grand Master Contract" means that certain Master Video Lottery Terminal
9 Contract made as of November 23, 2005 by and between the Division and Newport Grand Jai
10 Alai, LLC, as amended from time to time.

11 (6) "Prior Marketing Year" means the prior state fiscal year.

12 (7) "Promotional Points" means the promotional points issued pursuant to any free play
13 or other promotional program operated by the Division at a licensed video lottery terminal facility
14 (including, without limitation, the promotional points programs at Twin River and Newport
15 Grand authorized pursuant to Chapter 16 of the Public Laws of 2010, Part A as to Twin River and
16 Part B as to Newport Grand, Section 4(a)(ii), Chapter 151, Article 25 of the Public Laws of 2011,
17 Section 8(a)(i), and Section 8 hereof as to Twin River and Section 9 hereof as to Newport Grand),
18 which are downloaded to a video lottery terminal by a player.

19 (8) "Supplementary Promotional Points Program" means that promotional points program
20 authorized in Section 8 hereof as to Twin River and Section 9 hereof as to Newport Grand.

21 (9) "UTGR" means that corporation defined in Chapter 16 of the Public Laws of 2010,
22 Part A, Section 2(n).

23 (10) "UTGR Master Contract" means that certain Master Video Lottery Terminal
24 Contract made as of July 18, 2005 by and between the Division, the Department of
25 Transportation and UTGR, as amended from time to time.

26 SECTION 3. Except as otherwise amended by this act, the terms, conditions, provisions
27 and definitions of Chapters 32 and 33 of the Public Laws of 2003, Chapters 322 and 323 of the
28 Public Laws of 2005, Chapter 16 of the Public Laws 2010, Chapter 151, Article 25 of the Public
29 Laws of 2011 and Chapter 24 and 25 of the Public Laws of 2012 are hereby incorporated by
30 reference and shall remain in full force and effect.

31 SECTION 4. Sections 42-61.2-1 and 42-61.2-7 of the General Laws in Chapter 42-61.2
32 entitled "Video Lottery Terminal" is hereby amended to read as follows:

33 **42-61.2-1. Definitions. [Effective June 30, 2009.]** -- For the purpose of this chapter, the
34 following words shall mean:

1 (1) "Central communication system" means a system approved by the lottery division,
2 linking all video lottery machines at a licensee location to provide auditing program information
3 and any other information determined by the lottery. In addition, the central communications
4 system must provide all computer hardware and related software necessary for the establishment
5 and implementation of a comprehensive system as required by the division. The central
6 communications licensee may provide a maximum of fifty percent (50%) of the video lottery
7 terminals.

8 (2) "Licensed video lottery retailer" means a pari-mutuel licensee specifically licensed
9 by the director subject to the approval of the division to become a licensed video lottery retailer.

10 (3) "Net terminal income" means currency placed into a video lottery terminal less
11 credits redeemed for cash by players.

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

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

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

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

18 (6) "Video lottery games" means lottery games played on video lottery terminals
19 controlled by the lottery division.

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

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

31 (9) "Net Table Game Revenue" means win from Table Games minus counterfeit
32 currency.

33 (10) "Rake" means a set fee or percentage of cash and chips representing cash wagered in
34 the playing of a nonbanking Table Game assessed by a Table Game Retailer for providing the

1 services of a dealer, gaming table or location, to allow the play of any nonbanking Table Game.

2 (11) "Table Game" or "Table Gaming" means that type of Casino Gaming in which table
3 games are played for cash or chips representing cash, using cards, dice or equipment and
4 conducted by one or more live persons.

5 (12) "Table Game Retailer" means a retailer authorized to conduct Table Gaming
6 pursuant to section 42-61.2-2.1 and 42-61.2-2.2 of the Rhode Island General Laws.

7 **42-61.2-7. Division of revenue. [Effective June 30, 2011.] --** (a) Notwithstanding the
8 provisions of section 42-61-15, the allocation of net terminal income derived from video lottery
9 games is as follows:

10 (1) For deposit in the general fund and to the state lottery division fund for
11 administrative purposes: Net terminal income not otherwise disbursed in accordance with
12 subdivisions (a)(2) -- (a)(6) herein;

13 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
14 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally
15 allocated to the distressed communities as defined in section 45-13-12 provided that no eligible
16 community shall receive more than twenty-five percent (25%) of that community's currently
17 enacted municipal budget as its share under this specific subsection. Distributions made under
18 this specific subsection are supplemental to all other distributions made under any portion of
19 general laws section 45-13-12. For the fiscal year ending June 30, 2008 distributions by
20 community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and
21 shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total
22 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
23 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the
24 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,
25 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
26 appropriation shall be distributed equally to each qualifying distressed community. For each of
27 the fiscal years ending June 30, 2011 and June 30, 2012, seven hundred eighty-four thousand four
28 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to
29 each qualifying distressed community.

30 (ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars
31 (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of section 44-
32 33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
33 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
34 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be

1 less than the prior fiscal year.

2 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-
3 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
4 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
5 shall the exemption in any fiscal year be less than the prior fiscal year.

6 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
7 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
8 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
9 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
10 distributions by community shall be identical to the distributions made in the fiscal year ending
11 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
12 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
13 funding shall be determined by appropriation.

14 (2) To the licensed video lottery retailer:

15 (a) (i) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-
16 six percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
17 (\$384,996);

18 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
19 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said
20 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
21 (\$384,996).

22 (iii) Effective July 1, 2013, provided that the referendum measure authorized by Section
23 1 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of
24 Newport and provided further that Newport Grand commences and continues to offer table
25 games, the rate of net terminal income payable to Newport Grand, LLC under the Newport Grand
26 Master Contract shall increase by one and one half percentage points.

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

31 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
32 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
33 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
34 (\$767,687).

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

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

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

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

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

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

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

26 (4) (A) To the city of Newport one and one hundredth percent (1.01%) of net terminal
27 income of authorized machines at Newport Grand, except that:

28 (i) Effective November 9, 2009 until June 30, ~~2012~~ 2013, the allocation shall be one and
29 two tenths percent (1.2%) of net terminal income of authorized machines at Newport Grand for
30 each week the facility operates video lottery games on a twenty-four (24) hour basis for all
31 eligible hours authorized, and

32 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Section 1
33 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of
34 Newport, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal

1 [income of authorized video lottery terminals at Newport Grand; and](#)

2 [\(B\) To](#) the town of Lincoln one and twenty-six hundredths percent (1.26%) of net
3 terminal income of authorized machines at ~~Lincoln Park~~ [Twin River](#) except that,

4 [\(i\) Effective November 9, 2009 until June 30, 2012 2013,](#) the allocation shall be one and
5 forty-five hundredths percent (1.45%) of net terminal income of authorized machines at ~~Lincoln~~
6 ~~Park~~ [Twin River](#) for each week ~~the facility operates~~ video lottery games are offered on a twenty-
7 four (24) hour basis for all eligible hours authorized, [and](#)

8 [\(ii\) Effective July 1, 2013, provided that the referendum measure authorized by Article](#)
9 [25, Chapter 151, Section 4 of the Public Laws of 2011 is approved statewide and in the Town of](#)
10 [Lincoln, the allocation shall be one and forty-five hundredths percent \(1.45%\) of net terminal](#)
11 [income of authorized video lottery terminals at Twin River; and](#)

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

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

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

26 (b) Notwithstanding the above, the amounts payable by the Division to UTGR related to
27 the Marketing Program shall be paid on a frequency agreed by the Division, but no less
28 frequently than annually.

29 (c) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
30 Director is authorized to fund the Marketing Program as described above in regard to the First
31 Amendment to the UTGR Master Contract.

32 (d) Notwithstanding the above, the amounts payable by the Division to Newport Grand
33 related to the Marketing Program shall be paid on a frequency agreed by the Division, but no less
34 frequently than annually.

1 (e) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
2 Director is authorized to fund the Marketing Program as described above in regard to the First
3 Amendment to the Newport Grand Master Contract.

4 (f) Notwithstanding the provisions of § 42-61-15, the allocation of Net Table Game
5 Revenue derived from Table Games at Twin River is as follows:

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

8 (i) Sixteen percent (16%) of Net Table Game Revenue, except as provided in subsection
9 (f)(1)(ii);

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

16 (2) To UTGR, Net Table Game Revenue not otherwise disbursed pursuant to above
17 subsection (f)(1); provided, however, on the first date that such Table Game Retailer's net
18 terminal income for a full State fiscal year is less than such Table Game Retailer's net terminal
19 income for the prior State fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%)
20 of this Net Table Game Revenue shall be allocated to the town of Lincoln for four (4) consecutive
21 State fiscal years.

22 (g) Notwithstanding the provisions of § 42-61-15, the allocation of Net Table Game
23 Revenue derived from Table Games at Newport Grand is as follows:

24 (1) For deposit into the state lottery fund for administrative purposes and then the balance
25 remaining into the general fund: eighteen percent (18%) of Net Table Game Revenue.

26 (2) To Newport Grand LLC, Net Table Game Revenue not otherwise disbursed pursuant
27 to above subsection (g)(1) provided, however, on the first date that such Table Game Retailer's
28 net terminal income for a full State fiscal year is less than such Table Game Retailer's net
29 terminal income for the prior State fiscal year, one percent (1%) of this Net Table Game Revenue
30 shall be allocated to the city of Newport for four (4) consecutive State fiscal years.

31 SECTION 5. Chapter 42-61.2 of the General Laws entitled "Video Lottery Terminal" is
32 hereby amended by adding thereto the following section:

33 **42-61.2-3.1. Table game regulation.** – (a) In addition to the powers and duties of the
34 Division director under Sections 42-61-4, 42-61.2-3 and 42-61.2-4, and pursuant to § 42-61.2-2.1

1 and § 42-61.2-2.2, the Division director shall promulgate reasonable rules and regulations relating
2 to state-operated Table Gaming and set policy for these Table Games. These rules and regulations
3 shall include, but not be limited to:

4 (1) Establishing standards and procedures for Table Gaming and associated equipment.

5 (2) Establishing standards, rules and regulations to govern the conduct of Table Games and the
6 system of wagering associated with Table Games, including without limitation:

7 (i) The object of the Table Game and method of play, including what constitutes win, loss
8 or tie bets;

9 (ii) Physical characteristics of the Table Games and Table Game equipment;

10 (iii) Wager and payout odds for each type of available wager;

11 (iv) The applicable inspection procedures for any of the following, as required by a Table
12 Game:

13 (A) Cards;

14 (B) Dice;

15 (C) Wheels and balls; and

16 (D) Other devices, equipment and accessories related to table games.

17 (v) Procedures for the collection of bets and payouts, including requirements for internal
18 revenue service purposes;

19 (vi) Procedures for handling suspected cheating or Table Gaming irregularities; and

20 (vii) Procedures for handling any defective or malfunctioning Table Game equipment.

21 (3) Establishing the method for calculating Net Table Game Revenue and standards for
22 the daily counting and recording of cash received in the conduct of Table Games, and ensuring
23 that internal controls are followed, including the maintenance of financial books and records and
24 the conduct of annual audits at the expense of the table game retailer.

25 (4) Establishing the number and type of Table Games authorized at a Table Game
26 Retailer's facility, and all rules related thereto.

27 (5) Establishing any Table Game rule changes, Table Game minimum and maximum
28 wager changes, and changes to the type of Table Game being offered at a particular gaming table,
29 including any notice by the Table Game Retailer to the public.

30 (6) Requiring the Table Game Retailer to:

31 (i) Provide written information at each Table Game about game rules, payoffs or winning
32 wagers and other information as the Division may require.

33 (ii) Provide specifications approved by the Division to integrate and update the Table
34 Game Retailer's surveillance system to cover all areas where Table Games are conducted and

1 other areas as required by the lottery division. The specifications shall include provisions
2 providing the Division and other persons authorized by the Division with onsite access to the
3 system.

4 (iii) Designate one or more locations within the Table Game Retailer's facility to
5 conduct Table Games.

6 (iv) Ensure that visibility in a Table Game Retailer's facility is not obstructed in any way
7 that could interfere with the ability of the Division, the Table Game Retailer or other persons
8 authorized under this section or by the Division to oversee the surveillance of the conduct of
9 Table Games.

10 (v) Ensure that the count room for Table Gaming has appropriate security for the
11 counting and storage of cash.

12 (vi) Furnish each Table Game with a sign acceptable to the division indicating the
13 permissible minimum and maximum wagers at the Table Game.

14 (vii) Adopt policies or procedures to prohibit any Table Game equipment from being
15 possessed, maintained or exhibited by any person on the premises of a Table Game Retailer's
16 facility except in the areas of such facility where the conduct of Table Games is authorized or in a
17 restricted area designated to be used for the inspection, service, repair or storage of Table Game
18 equipment by the Table Game Retailer or in an area used for employee training and instruction by
19 the Table Game Retailer.

20 (viii) Ensure that drop boxes are brought into or removed from an area where Table
21 Games are conducted or locked or unlocked in accordance with procedures established by the
22 Division.

23 (ix) Designate secure locations for the inspection, service, repair or storage of Table
24 Game equipment and for employee training and instruction to be approved by the Division.

25 (7) Establishing the size and uniform color by denomination of Table Game chips used in
26 the conduct of Table Games, including tournaments, and a policy for the use of promotional or
27 commemorative chips used in the conduct of certain Table Games. All types of Table Game chips
28 shall be approved by the Division prior to being used for play at a Table Game.

29 (8) Establishing the procedure to be used by a Table Game Retailer to determine and
30 extract a Rake for the purposes of generating Net Table Game Revenue from nonbanking games.

31 (9) Establishing minimum standards relating to the acceptance of tips or gratuities by
32 dealers at a Table Game, which shall include:

33 (i) The requirement that tips or gratuities accepted by dealers at banking Table Games be
34 placed in a common pool for complete distribution pro rata among all dealers based on the daily

1 collection of such tips or gratuities; provided however, the Division may establish an alternative
2 distribution method for tips or gratuities at a banking Table Game upon submission by the Table
3 Game Retailer of a proposal acceptable to the division to modify the existing distribution method
4 for tips or gratuities.

5 (ii) The requirement that tips or gratuities accepted by dealers at nonbanking Table
6 Games are not required to be pooled and may be retained by the dealers; provided however, the
7 Division may establish an alternative distribution method for tips or gratuities at a nonbanking
8 Table Game upon submission by the Table Game Retailer of a proposal acceptable to the division
9 to modify the existing distribution method for tips or gratuities.

10 (10) Establishing the minimal proficiency requirements for Table Game personnel,
11 including without limitation Table Game dealers. The foregoing requirements of this subsection
12 (10) shall not affect any rules or regulations of the Rhode Island Department of Business
13 Regulation requiring licensing of personnel of state-operated gaming facilities.

14 (11) Establishing the practices and procedures governing the conduct of Table Game
15 tournaments.

16 (12) Establishing appropriate eligibility requirements and standards for traditional Table
17 Game equipment suppliers.

18 (13) Any other matters necessary for conducting Tables Games.

19 (b) The Division shall promulgate the Table Game regulations authorized by this section
20 on or before March 31, 2013.

21 (c) A Table Game Retailer shall reimburse and pay to the Division (or to such other
22 entities as the Division may identify) all reasonable costs and expenses associated with the
23 Division's oversight and review of the business or operations of the Table Game Retailer,
24 including, but not limited to, such items as ongoing auditing, legal, investigation services,
25 compulsive and problem gambling programs, and other related matters.

26 (d) The Table Game Retailer shall provide secure, segregated facilities as required by the
27 Division on the premises for the exclusive use of the Lottery staff and the State Police. Such
28 space shall be located proximate to the gaming floor and shall include surveillance equipment,
29 monitors with full camera control capability, as well as other office equipment that may be
30 deemed necessary by the Division. The location and size of the space shall be subject to the
31 approval of the Division.

32 SECTION 6. Sections 42-61.2-5, 42-61.2-8 and 42-61.2-12 of the General Laws in
33 Chapter 42-61.2 entitled "Video Lottery Terminal" are hereby amended to read as follows.

34 **42-61.2-5. Exclusion of minors. --** No person under the age of eighteen (18) years may

1 play a video lottery game [or a Table Game](#) authorized by this chapter, nor shall any licensed
2 video lottery [or Table Game](#) retailer knowingly permit a minor to play a video lottery machine [or](#)
3 [Table Game](#) or knowingly pay a minor with respect to a video lottery credit slip [or Table Game](#)
4 [chip](#). Violation of this section shall be punishable by a fine of five hundred dollars (\$500).

5 **42-61.2-8. Penalty for manipulation or tampering.** -- Any person who, with intent to
6 manipulate the outcome, payoff, and/or operation of a video lottery terminal [or Table Game](#),
7 manipulates the outcome, prize, or operation of a video lottery terminal [or Table Game](#) by
8 physical or electronic means shall be guilty of a felony punishable by imprisonment for not more
9 than ten (10) years or by a fine of not less than ten thousand (\$10,000) dollars or both.

10 **42-61.2-12. ~~Video lottery terminal prize -- Set-off for child support debts~~ Prize --**
11 **Set-off for child support debts.** -- Notwithstanding the provisions of section 42-61-7 relating to
12 assignment of prizes, the following set off provisions shall apply to the payment of any prize
13 requiring the issuance of Internal Revenue Service Form W-2G by a video lottery retailer
14 [\(whether or not a Table Game Retailer\)](#) to a patron:

15 (1) With respect to a person entitled to receive the prize who has an unpaid child support
16 order(s) arrearage(s) in excess of five hundred dollars (\$500), as provided by the department of
17 human services pursuant to subsection 42-61-7.1(3), the division of state lottery:

18 (i) Shall establish rules and regulations pursuant to section 42-61.2-3 [and section 42-](#)
19 [61.2-3.1](#)) providing for the establishment and operation of a system whereby the division of state
20 lottery shall have the ability to communicate such information to video lottery retailers so as to
21 identify a person entitled to receive a prize requiring the issuance of Internal Revenue Service
22 Form W-2G who has an unpaid child support order(s) arrearage(s).

23 (ii) Upon receipt of information indicating an unpaid child support arrearage the video
24 lottery retailer shall set off against the amount due to that person an amount up to the balance of
25 the child support arrearage(s). The video lottery retailer shall then make payment as prescribed by
26 the division of lottery to the Rhode Island family court in the case of child support arrearage(s)
27 which shall deposit the amount set off into the registry of the family court for a period of forty-
28 five (45) days, or if any application for review has been filed pursuant to subsection 27-57-1(d),
29 until final disposition of the application until further order of the court.

30 (iii) The video lottery retailer shall pay to this person the remaining balance of the prize
31 amount, if any, after reduction of the amount set off above for child support.

32 (2) The division of lottery, the lottery director and the video lottery retailer shall be
33 discharged of all further liability upon payment of a prize pursuant to this section. Except in the
34 case of gross negligence, the division of lottery, the lottery director and the video lottery retailer

1 shall not be liable to any party or person for failure to make such a set-off.

2 (3) The department of human services shall periodically within each year furnish the
3 director with a list or compilation of names of individuals, together with any other identifying
4 information and in a form that the director shall require, who as of the date of the list or
5 compilation, have an unpaid child support order arrearage in excess of five hundred dollars
6 (\$500) as shown on the Rhode Island family court decrees department of human services child
7 support enforcement computer system ("CSE system"). For the purposes of this section, the terms
8 used in this section shall be given the meaning and definitions specified in section 15-16-2.

9 (4) Any party aggrieved by any action taken under this section may within thirty (30)
10 days of the withholding of the payment by the lottery director seek judicial review in the family
11 court, which may, in its discretion, issue a temporary order prohibiting the disbursement of funds
12 under this section, pending final adjudication.

13 (5) Notwithstanding any other general or special law to the contrary, this section shall
14 apply to all existing gambling facilities within the state as of the time of enactment and also to
15 any gambling facility within this state which is established after the date of enactment.

16 SECTION 7. Chapter 42-61.2 of the General Laws entitled "Video Lottery Terminal" is
17 hereby amended by adding thereto the following sections:

18 **42-61.2-13. Table game enforcement.** – (a) Whoever violates sections 42-61.2-2.1 or
19 42-61.2-3.1, or any rule or regulation, policy or procedure, duly promulgated thereunder, or any
20 administrative order issued pursuant to sections 42-61.2-2.1 or 42-61.2-3.1, shall be punishable as
21 follows:

22 (1) In the Division director's discretion, the Division director may impose an
23 administrative penalty of not more than \$1,000 for each violation. Each day of continued
24 violation shall be considered as a separate violation if the violator has knowledge of the facts
25 constituting the violation and knows or should know that such facts constitute or may constitute a
26 violation. Lack of knowledge regarding such facts or violation shall not be a defense to a
27 continued violation with respect to the first day of its occurrence. Written notice detailing the
28 nature of the violation, the penalty amount, and effective date of the penalty will be provided by
29 the Division director. Penalties shall take effect upon notification. A written request for a hearing
30 must be submitted in writing to the Division director within 30 days of notification of violation.

31 (2)(a) In the Division director's discretion, the Division director may endeavor to obtain
32 compliance with requirements of this chapter by written administrative order. Such order shall be
33 provided to the responsible party, shall specify the complaint, and propose a time for correction
34 of the violation.

1 **(b) The Division director shall enforce this chapter. Such enforcement shall include, but**
2 **not be limited to, referral of suspected criminal activity to the Rhode Island state police for**
3 **investigation.**

4 **(c) Any interest, costs or expense collected under this section shall be appropriated to the**
5 **Division for administrative purposes.**

6 **(d) Any penalty imposed by the Division pursuant to this Section 42-61.2-13 shall be**
7 **appealable to Superior Court.**

8 **42-61.2-14. Compulsive and problem gambling program. – The Division and the State**
9 **acknowledge that the vast majority of gaming patrons can enjoy gambling games responsibly, but**
10 **that there are certain societal costs associated with gaming by some individuals who have**
11 **problems handling the product or services provided. The Division and the State further**
12 **understand that it is their duty to act responsibly toward those who cannot participate**
13 **conscientiously in gaming. Pursuant to the foregoing, Twin River and Newport Grand, in**
14 **cooperation with the State, shall offer compulsive and problem gambling programs that include,**
15 **but are not limited to (a) problem gambling awareness programs for employees; (b) player self-**
16 **exclusion program; and (c) promotion of a problem gambling hotline. Twin River and Newport**
17 **Grand shall modify their existing compulsive and problem-gambling programs to include Table**
18 **Games to the extent such games are authorized at such facilities. Twin River and Newport Grand**
19 **shall reimburse and pay to the Division no less than one hundred thousand dollars (\$100,000) in**
20 **aggregate annually for compulsive and problem gambling programs established by the Division.**
21 **The contribution from each facility shall be determined by the Division.**

22 **42-61.2-15. Table game hours of operation. – To the extent Table Games are**
23 **authorized at Twin River, such Table Games may be offered at Twin River for all or a portion of**
24 **the days and times that VLTs are offered. To the extent Table Games are authorized at Newport**
25 **Grand, such Table Games may be offered at Newport Grand for all or a portion of the days and**
26 **times that VLTs are offered.**

27 SECTION 8. **Authorized Procurement of Third Amendment to the UTGR Master**
28 **Contract.**

29 **(a) Notwithstanding any provision of the general or Public Laws to the contrary, within**
30 **90 days of the enactment of this Act, the Division is hereby expressly authorized and directed to**
31 **enter into with UTGR a Third Amendment to the UTGR Master Contract to effectuate the terms**
32 **and conditions of this Act relative to video lottery terminals, including, without limitation, the**
33 **following:**

34 **(1) There is hereby authorized a Supplementary Promotional Points Program at Twin**

1 River (in addition to the Initial Promotional Points Program), pursuant to the terms and conditions
2 established from time to time by the Division during the term of the UTGR Contract. The
3 approved amount of the Supplementary Promotional Points Program shall not exceed six percent
4 (6%) of Twin River net terminal income of the Prior Marketing Year. For avoidance of doubt, the
5 aggregate approved amount of the Initial and Supplementary Promotional Points Programs, in
6 total, shall therefore not exceed ten percent (10%) of the amount of net terminal income of Twin
7 River of the Prior Marketing Year, plus an additional \$750,000 allocated pursuant to the terms of
8 Chapter 151, Article 25 of the Public Laws of 2011, Section 8(a)(i).

9 (2) The requirements of this Section 8 related to the Supplementary Promotional Points
10 Program shall take effect on and after July 1, 2012.

11 SECTION 9. Authorized Procurement of Third Amendment to the Newport Grand
12 Master Contract.

13 (a) Notwithstanding any provision of the general or Public Laws to the contrary, within
14 90 days of the enactment of this Act, the Division is hereby expressly authorized and directed to
15 enter into with Newport Grand, LLC a Third Amendment to the Newport Grand Master to
16 effectuate the terms and conditions of this Act relative to video lottery terminals, including,
17 without limitation, the following:

18 (1) There is hereby authorized a Supplementary Promotional Points Program at Newport
19 Grand (in addition to the Initial Promotional Points Program), pursuant to the terms and
20 conditions established from time to time by the Division during the term of the Newport Grand
21 Master Contract. The approved amount of the Supplementary Promotional Points Program shall
22 not exceed six percent (6%) of Newport Grand net terminal income of the Prior Marketing Year.
23 For avoidance of doubt, the aggregate approved amount of the Initial and Supplementary
24 Promotional Points Programs, in total, shall therefore not exceed ten percent (10%) of the amount
25 of net terminal income of Newport Grand of the Prior Marketing Year, plus an additional
26 \$750,000 allocated pursuant to the terms of Chapter 151, Article 25 of the Public Laws of 2011,
27 Section 8(a)(i).

28 (2) The requirements of this Section 9 related to the Supplementary Promotional Points
29 Program shall take effect on and after July 1, 2012.

30 SECTION 10. This act shall take effect upon passage, except for section 7. With respect
31 to Twin River, Section 7 shall take effect only if Casino Gaming at Twin River is approved
32 statewide and by the Town of Lincoln pursuant to Article 25, Chapter 151, Section 4 of the Public
33 Laws of 2011. With respect to Newport Grand, Section 7 shall take effect only if Casino Gaming
34 at Newport Grand is approved statewide and by the City of Newport pursuant to Section 1 of

- 1 Chapters 24 and 25 of the Public Laws of 2012. Voter approval or non-approval with respect to
- 2 one facility shall be independent of voter approval or non-approval with respect to the other
- 3 facility.

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LC02713/SUB A/7
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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO REVENUE PROTECTION

1 This act would make several amendments regarding gaming in Rhode Island, and
2 specifically table. The act would provide for the regulation of table gaming. The act also would
3 revise the allocation of revenue in the event table gaming is approved at Newport Grand and/or
4 Twin River by appropriate vote.

5 This act would take effect upon passage, except for section 7. With respect to Twin
6 River, Section 7 shall take effect only if Casino Gaming at Twin River is approved statewide and
7 by the Town of Lincoln pursuant to Article 25, Chapter 151, Section 4 of the Public Laws of
8 2011. With respect to Newport Grand, Section 7 shall take effect only if Casino Gaming at
9 Newport Grand is approved statewide and by the City of Newport pursuant to Section 1 of
10 Chapters 24 and 25 of the Public Laws of 2012. Voter approval or non-approval with respect to
11 one facility shall be independent of voter approval or non-approval with respect to the other
12 facility.

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