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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - VIDEO LOTTERY TERMINAL -
NEWPORT GRAND

Introduced By: Representatives Abney, Diaz, Ferri, Casey, and Ruggiero

Date Introduced: April 23, 2013

Referred To: House Finance

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 42-61.2-7 of the General Laws in Chapter 42-61.2 entitled "Video
2 Lottery Terminal" is hereby amended to read as follows:

3 **42-61.2-7. Division of revenue. [Effective June 30, 2011.]** -- (a) Notwithstanding the
4 provisions of section 42-61-15, the allocation of net terminal income derived from video lottery
5 games is as follows:

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

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

1 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the
2 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,
3 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
4 appropriation shall be distributed equally to each qualifying distressed community. For each of
5 the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013 seven hundred eighty-
6 four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall be
7 distributed equally to each qualifying distressed community.

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

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

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

26 (2) To the licensed video lottery retailer:

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

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

34 (iii) ~~Effective July 1, 2013, provided that the referendum measure authorized by Section~~

1 ~~1 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of~~
2 ~~Newport and provided further that Newport Grand commences and continues to offer table~~
3 ~~games, the rate of net terminal income payable to Newport Grand, LLC under the Newport Grand~~
4 ~~Master Contract shall increase by one and one half percentage (1.5%) points. Effective July 1,~~
5 2013 the rate of net terminal income payable to Newport Grand, LLC under the Newport Grand
6 Master Contract shall increase by three and two tenths percentage (3.2%) points. The increase
7 herein shall sunset and expire on June 30, 2015 and the rate in effect as of June 30, 2013 shall be
8 reinstated.

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

13 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
14 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
15 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
16 (\$767,687).

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

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

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

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

33 (D) All incremental costs are shared between the division and the respective licensed
34 video lottery retailer based upon their proportionate allocation of net terminal income. The

1 division of lottery is hereby authorized to amend agreements with the licensed video lottery
2 retailers, or the technology providers, as applicable, to effect the intent herein.

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

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

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

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

14 (ii) Effective July 1, 2013, provided that the referendum measure authorized by Section 1
15 of Chapters 24 and 25 of the Public Laws of 2012 is approved statewide and in the City of
16 Newport, the allocation shall be one and forty-five hundredths percent (1.45%) of net terminal
17 income of authorized video lottery terminals at Newport Grand; and

18 (B) To the town of Lincoln one and twenty-six hundredths percent (1.26%) of net
19 terminal income of authorized machines at Twin River except that,

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

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

28 (5) To the Narragansett Indian Tribe, seventeen hundredths of one percent (0.17%) of net
29 terminal income of authorized machines at Lincoln Park up to a maximum of ten million dollars
30 (\$10,000,000) per year, which shall be paid to the Narragansett Indian Tribe for the account of a
31 Tribal Development Fund to be used for the purpose of encouraging and promoting: home
32 ownership and improvement, elderly housing, adult vocational training; health and social
33 services; childcare; natural resource protection; and economic development consistent with state
34 law. Provided, however, such distribution shall terminate upon the opening of any gaming facility

1 in which the Narragansett Indians are entitled to any payments or other incentives; and provided
2 further, any monies distributed hereunder shall not be used for, or spent on previously contracted
3 debts; and

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

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

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

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

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

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

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

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

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

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

32 (2) To UTGR, Net Table Game Revenue not otherwise disbursed pursuant to above
33 subsection (f)(1); provided, however, on the first date that such Table Game Retailer's net
34 terminal income for a full State fiscal year is less than such Table Game Retailer's net terminal

1 income for the prior State fiscal year, as set forth in subsection (f)(1)(ii) above, one percent (1%)
2 of this Net Table Game Revenue shall be allocated to the town of Lincoln for four (4) consecutive
3 State fiscal years.

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

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

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

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - VIDEO LOTTERY TERMINAL -
NEWPORT GRAND

- 1 This act would increase the net terminal income payable to Newport Grand, LLC for a
- 2 period of two (2) years, upon which time it would revert to the old rate.
- 3 This act would take effect upon passage.

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