

1

ARTICLE 13

2

RELATING TO STATE LOTTERY

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SECTION 1. Section 42-61-15 of the General Laws in Chapter 42-61 entitled "State Lottery" is hereby amended to read as follows:

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42-61-15. State lottery fund. -- (a) There is created the state lottery fund, into which shall be deposited all revenues received by the division from the sales of lottery tickets and license fees. The fund shall be in the custody of the general treasurer, subject to the direction of the division for the use of the division, and money shall be disbursed from it on the order of the controller of the state, pursuant to vouchers or invoices signed by the director and certified by the director of administration. The moneys in the state lottery fund shall be allotted in the following order, and only for the following purposes:

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(1) Establishing a prize fund from which payments of the prize awards shall be disbursed to holders of winning lottery tickets on checks signed by the director and countersigned by the controller of the state or his or her designee.

15

(i) The amount of payments of prize awards to holders of winning lottery tickets shall be determined by the division, but shall not be less than forty-five percent (45%) nor more than sixty-five percent (65%) of the total revenue accruing from the sale of lottery tickets.

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(ii) ~~However, for~~ For the lottery game commonly known as "Keno", the amount of prize awards to holders of winning Keno tickets shall be determined by the division, but shall not be less than forty-five percent (45%) nor more than seventy-two percent (72%) of the total revenue accruing from the sale of Keno tickets.

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(2) Payment of expenses incurred by the division in the operation of the state lotteries including, but not limited to, costs arising from contracts entered into by the director for promotional, consulting, or operational services, salaries of professional, technical, and clerical assistants, and purchases or lease of facilities, lottery equipment, and materials; provided however, solely for the purpose of determining revenues remaining and available for transfer to the state's general fund, beginning in fiscal year 2015, expenses incurred by the division in the operation of state lotteries shall reflect the actuarially determined employer contribution to the Employees' Retirement System consistent with the state's adopted funding policy. For financial reporting purposes, the state lottery fund financial statements shall be prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board; and

1 ~~(3) Repayment into the general revenue fund of the amount appropriated for the~~
2 ~~implementation of the state lottery; and~~

3 ~~(4)(3) Payment into the general revenue fund of all revenues remaining in the state lottery~~
4 ~~fund after the payments specified in subdivisions (a)(1) – (a)(3) (a)(2) of this section; provided,~~
5 ~~that the amount to be transferred into the general revenue fund shall equal no less than twenty-~~
6 ~~five percent (25%) of the total revenue received and accrued from the sale of lottery tickets plus~~
7 ~~any other income earned from the lottery; provided further, that the revenue returned to the~~
8 ~~general fund from the game commonly known as Keno, shall not be calculated as part of the~~
9 ~~twenty-five percent (25%) mandate required by this section, but the amount transferred into the~~
10 ~~general revenue fund shall equal no less than fifteen percent (15%) of the total Keno revenue~~
11 ~~received.~~

12 (b) The auditor general shall conduct an annual post audit of the financial records and
13 operations of the lottery for the preceding year in accordance with generally accepted auditing
14 standards and government auditing standards. In connection with the audit, the auditor general
15 may examine all records, files, and other documents of the division, and any records of lottery
16 sales agents that pertain to their activities as agents, for purposes of conducting the audit. The
17 auditor general, in addition to the annual post audit, may require or conduct any other audits or
18 studies he or she deems appropriate, the costs of which shall be borne by the division.

19 (c) Payments into the state's general fund specified in subsection (a)~~(4) (3)~~ of this section
20 shall be made on an estimated quarterly basis. Payment shall be made on the tenth business day
21 following the close of the quarter except for the fourth quarter when payment shall be on the last
22 business day.

23 SECTION 2. Section 42-61.2-7 of the General Laws in Chapter 42-61.7 entitled "Video
24 Lottery Terminal" is hereby amended to read as follows:

25 **42-61.2-7. Division of revenue. --** (a) Notwithstanding the provisions of § 42-61-15, the
26 allocation of net terminal income derived from video lottery games is as follows:

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

30 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
31 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally
32 allocated to the distressed communities as defined in § 45-13-12 provided that no eligible
33 community shall receive more than twenty-five percent (25%) of that community's currently
34 enacted municipal budget as its share under this specific subsection. Distributions made under

1 this specific subsection are supplemental to all other distributions made under any portion of
2 general laws § 45-13-12. For the fiscal year ending June 30, 2008 distributions by community
3 shall be identical to the distributions made in the fiscal year ending June 30, 2007 and shall be
4 made from general appropriations. For the fiscal year ending June 30, 2009, the total state
5 distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008 and
6 shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total
7 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
8 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
9 appropriation shall be distributed equally to each qualifying distressed community. For each of
10 the fiscal years ending June 30, 2011, June 30, 2012, and June 30, 2013 seven hundred eighty-
11 four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall be
12 distributed equally to each qualifying distressed community.

13 (ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars
14 (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of § 44-33-
15 2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
16 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
17 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
18 less than the prior fiscal year.

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

23 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
24 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
25 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
26 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
27 distributions by community shall be identical to the distributions made in the fiscal year ending
28 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
29 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
30 funding shall be determined by appropriation.

31 (2) To the licensed video lottery retailer:

32 (a) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-six
33 percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
34 (\$384,996);

1 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
2 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said
3 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
4 (\$384,996).

5 (iii) Effective July 1, 2013 the rate of net terminal income payable to Newport Grand,
6 LLC under the Newport Grand Master Contract shall increase by two and one quarter percent
7 (2.25%) points. The increase herein shall sunset and expire on June 30, 2015 and the rate in effect
8 as of June 30, 2013 shall be reinstated.

9 (b) Prior to the effective date of the UTGR Master Contract, to the present licensed video
10 lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract, twenty-eight
11 and eighty-five one hundredths percent (28.85%) minus seven hundred sixty-seven thousand six
12 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) To the technology providers who are not a party to the GTECH Master Contract as set
18 forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net terminal
19 income of the provider's terminals; in addition thereto, technology providers who provide
20 premium or licensed proprietary content or those games that have unique characteristics such as
21 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 to
27 increase net terminal income or is otherwise important to preserve or enhance the competitiveness
28 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) To the city of Newport one and one hundredth percent (1.01%) of net terminal income
9 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 § 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 balance
23 remaining into the general fund:

24 (i) ~~Sixteen percent (16%) Eighteen percent (18%)~~ of Net Table Game Revenue, except as
25 provided in subsection (f)(1)(ii):

26 (ii) ~~An additional two percent (2%) of Net Table Game Revenue generated at Twin River
27 shall be allocated starting from the commencement of Table Game activities by such Table Game
28 Retailer, and ending, with respect to such Table Game Retailer, on the first date that such Table
29 Game Retailer's net terminal income for a full State fiscal year is less than such Table Game
30 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 (ii) After casino gaming has commenced in the Commonwealth of Massachusetts, for the
33 first consecutive twelve (12) month period thereafter that the Table Game Retailer's net terminal
34 income is less than its net terminal income for the same twelve (12) month period in the prior

1 year, then for one (1) period of four (4) consecutive State fiscal years immediately thereafter, the
2 State's share of Net Table Game Revenue shall be decreased from eighteen percent (18%) to
3 sixteen percent (16%) with an additional one percent (1%) of Net Table Game Revenue generated
4 by the Table Game Retailer allocated to said Table Game Retailer and one percent (1%) of Net
5 Table Game Revenue generated by the Table Game Retailer allocated to the town of Lincoln.

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

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

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

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

21 SECTION 3. This article will take effect July 1, 2014.