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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO THE STATE-OPERATED GAMING FACILITIES IN LINCOLN, NEWPORT,
AND, WHEN OPERATIONS COMMENCE, IN TIVERTON

Introduced By: Representatives Shekarchi, O`Grady, Edwards, Slater, and O'Brien

Date Introduced: March 01, 2017

Referred To: House Finance

(by request)

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The general assembly hereby finds that:

2 (a) The Twin River gaming facility in the town of Lincoln, the Newport Grand gaming
3 facility in the town of Newport, and, once operational, the gaming facility owned by Twin River-
4 Tiverton in the town of Tiverton (the "Tiverton Gaming Facility," and, collectively with the other
5 (2) two gaming facilities, the "Gaming Facilities") are important sources of revenue for the state
6 of Rhode Island. Indeed, revenues generated from state-operated gaming in Rhode Island
7 constitute the third largest source of revenue to the state, behind only revenue generated from
8 income taxes and sales and use taxes.

9 (b) In an increasingly competitive gaming market, it is imperative that action be taken to
10 preserve and protect the state's ability to maximize revenues at the Facilities, and in particular to
11 expand critical revenue-driving promotional and marketing programs through legislative
12 authorization and necessary amendments to contracts, previously authorized by the general
13 assembly, to position the promotional and marketing programs for long-term success.

14 (c) Accordingly, the purpose of this act is to help enhance the revenues generated by the
15 Facilities in order to maximize the public's share of revenue generated by them for the state of
16 Rhode Island. It is the intent of the general assembly that this act, being necessary for the welfare
17 of the state and its citizens, be liberally construed so as to effectuate its purposes, including
18 without limitation, the State's attempt to enhance the ability of the Facilities to generate revenue.

1 The inclusion of the Tiverton Gaming Facility within the scope of this act is based on the
2 fulfilment in 2016 of the requirements of Article VI, Section 22 of the Rhode Island Constitution
3 with respect to that facility, namely that:

4 (i) The Rhode Island secretary of state has certified that the qualified voters of the state
5 have approved authorizing a facility owned by Twin River-Tiverton located at the intersection of
6 William S. Canning Boulevard and Stafford Road in the town of Tiverton to be licensed as a pari-
7 mutuel facility and offer state-operated video lottery games and state-operated casino gaming,
8 such as table games; and

9 (ii) The board of canvassers of the town of Tiverton has certified that the qualified
10 electors of the town of Tiverton have approved authorizing a facility owned by Twin River-
11 Tiverton located at the intersection of William S. Canning Boulevard and Stafford Road in the
12 town of Tiverton to be licensed as a pari-mutuel facility and offer state-operated video lottery
13 games and state-operated casino gaming, such as table games.

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

16 **42-61.2-7. Division of revenue.**

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

19 (1) For deposit in the general fund and to the state lottery division fund for administrative
20 purposes: Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) --
21 (a)(6) inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

22 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
23 percent (0.19%), up to a maximum of twenty million dollars (\$20,000,000), shall be equally
24 allocated to the distressed communities as defined in §45-13-12 provided that no eligible
25 community shall receive more than twenty-five percent (25%) of that community's currently
26 enacted municipal budget as its share under this specific subsection. Distributions made under
27 this specific subsection are supplemental to all other distributions made under any portion of
28 general laws §45-13-12. For the fiscal year ending June 30, 2008, distributions by community
29 shall be identical to the distributions made in the fiscal year ending June 30, 2007, and shall be
30 made from general appropriations. For the fiscal year ending June 30, 2009, the total state
31 distribution shall be the same total amount distributed in the fiscal year ending June 30, 2008, and
32 shall be made from general appropriations. For the fiscal year ending June 30, 2010, the total
33 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
34 2009, and shall be made from general appropriations, provided, however, that seven hundred

1 eighty-four thousand four hundred fifty-eight dollars (\$784,458) of the total appropriation shall
2 be distributed equally to each qualifying distressed community. For each of the fiscal years
3 ending June 30, 2011, June 30, 2012, and June 30, 2013, seven hundred eighty-four thousand four
4 hundred fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to
5 each qualifying distressed community.

6 (ii) Five one hundredths of one percent (0.05%), up to a maximum of five million dollars
7 (\$5,000,000), shall be appropriated to property tax relief to fully fund the provisions of §44-33-
8 2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
9 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
10 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
11 less than the prior fiscal year.

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

16 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
17 (0.10%), to a maximum of ten million dollars (\$10,000,000), for supplemental distribution to
18 communities not included in subsection (a)(1)(i) distributed proportionately on the basis of
19 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008,
20 distributions by community shall be identical to the distributions made in the fiscal year ending
21 June 30, 2007, and shall be made from general appropriations. For the fiscal year ending June 30,
22 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010, and thereafter,
23 funding shall be determined by appropriation.

24 (2) To the licensed, video-lottery retailer:

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

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

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

1 2015, and the rate in effect as of June 30, 2013, shall be reinstated.

2 (iv) (A) Effective July 1, 2015, the rate of net~~;~~ terminal income payable to the licensed~~;~~
3 video-lottery retailer who is a party to the Newport Grand Master Contract shall increase over the
4 rate in effect as of June 30, 2013, by one and nine-tenths (1.9) percentage points. (i.e., x% plus
5 1.9 percentage points equals $(x + 1.9)\%$, where "x%" is the current rate of net terminal income
6 payable to the licensed, video-lottery retailer who is a party to the Newport Grand Master
7 Contract). The dollar amount of additional net~~;~~ terminal income paid to the licensed~~;~~ video-lottery
8 retailer who is a party to the Newport Grand Master Contract with respect to any Newport Grand
9 Marketing Year as a result of such increase in rate shall be referred to as "Additional Newport
10 Grand Marketing NTI."

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

23 The increase in subsection 2(a)(iv) shall sunset and expire ~~on June 30, 2017~~ upon the
24 commencement of the operation of casino gaming at Twin River-Tiverton's facility located in the
25 town of Tiverton, and the rate in effect as of June 30, 2013 shall be reinstated.

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

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

34 (3) (i) To the technology providers that are not a party to the GTECH Master Contract as

1 set forth and referenced in PL 2003, CH. 32, seven percent (7%) of the net, terminal income of
2 the provider's terminals; in addition thereto, technology providers that provide premium or
3 licensed proprietary content or those games that have unique characteristics, such as 3D graphics;
4 unique math/game play features; or merchandising elements to video-lottery terminals may
5 receive incremental compensation, either in the form of a daily fee or as an increased percentage,
6 if all of the following criteria are met:

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

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

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

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

20 (ii) To contractors that are a party to the master contract as set forth and referenced in PL
21 2003, CH. 32, all sums due and payable under said master contract; and

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

25 (4) (A) Until video-lottery games are no longer operated at the Newport Grand gaming
26 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net
27 terminal income of authorized machines at Newport Grand, except that effective November 9,
28 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%) of net
29 terminal income of authorized machines at Newport Grand for each week the facility operates
30 video-lottery games on a twenty-four-hour (24) basis for all eligible hours authorized; and

31 (B) Upon commencement of the operation of video-lottery games at Twin River-
32 Tiverton's facility located in the town of Tiverton, to the town of Tiverton one and forty-five
33 hundredths percent (1.45%) of net terminal income of authorized machines at the licensed, video-
34 lottery retailer's facility located in the town of Tiverton, subject to subsection (g)(2); and

1 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net
2 terminal income of authorized machines at Twin River except that:

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

7 (ii) Effective July 1, 2013, provided that the referendum measure authorized by PL 2011,
8 Ch. 151, Sec. 4, is approved statewide and in the Town of Lincoln, the allocation shall be one and
9 forty-five hundredths percent (1.45%) of net terminal income of authorized video-lottery
10 terminals at Twin River, subject to subsection (h)(2); and

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

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

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

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

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

32 (d) Notwithstanding the above, the amounts payable by the division to the licensed,
33 video-lottery retailer who is a party to the Newport Grand Master Contract related to the
34 marketing program described in the Newport Grand Master Contract (as such may be amended

1 [from time to time](#)) shall be paid on a frequency agreed by the division, but no less frequently than
2 annually.

3 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
4 is authorized to fund the marketing program as described ~~above in regard to~~ [in](#) the Newport
5 Grand Master Contract.

6 (f) Notwithstanding the provisions of §42-61-15, but subject to §42-61.2-7(h), the
7 allocation of net, table-game revenue derived from table games at Twin River is as follows:

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

10 (i) Sixteen percent (16%) of net, table-game revenue, except as provided in §42-61.2-
11 7(f)(1)(ii);

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

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

23 (g) Notwithstanding the provisions of §42-61-15, the allocation of net, table-game
24 revenue derived from table games at the Tiverton facility owned by Twin River-Tiverton is as
25 follows:

26 (1) Subject to subsection (g)(2) of this section, one percent (1%) of net, table-game
27 revenue shall be allocated to the town of Tiverton;

28 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
29 the state first for deposit into the state lottery fund for administrative purposes and then the
30 balance remaining into the general fund; provided however, that beginning with the first state
31 fiscal year that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons
32 video-lottery games and table games for all of such state fiscal year, for that state fiscal year and
33 each subsequent state fiscal year that such Tiverton facility offers patrons video-lottery games
34 and table games for all of such state fiscal year, if the town of Tiverton has not received an

1 aggregate of three million dollars (\$3,000,000) in the state fiscal year from net, table-game
2 revenues and net terminal income, combined, generated by such Tiverton facility, then the state
3 shall make up such shortfall to the town of Tiverton out of the state's percentage of net, table-
4 game revenue set forth in this subsection (g)(2) and net terminal income set forth in subsections
5 (a)(1) and (a)(6); provided further however, if in any state fiscal year either video-lottery games
6 or table games are no longer offered at a facility in the town of Tiverton owned by Twin River-
7 Tiverton, LLC, then the state shall not be obligated to make up the shortfall referenced in this
8 subsection (g)(2); and

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

11 (h) Notwithstanding the foregoing §42-61.2-7(f) and superseding that section effective
12 upon the first date that a facility in the town of Tiverton owned by Twin River-Tiverton offers
13 patrons video-lottery games and table games, the allocation of net, table-game revenue derived
14 from table games at Twin River in Lincoln shall be as follows:

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

17 (2) Fifteen and one-half percent (15.5%) of net, table-game revenue shall be allocated to
18 the state first for deposit into the state lottery fund for administrative purposes and then the
19 balance remaining into the general fund; provided however, that beginning with the first state
20 fiscal year that a facility in the town of Tiverton owned by Twin River-Tiverton offers patrons
21 video-lottery games and table games for all of such state fiscal year, for that state fiscal year and
22 each subsequent state fiscal year that such Tiverton facility offers patrons video-lottery games
23 and table games for all of such state fiscal year, if the town of Lincoln has not received an
24 aggregate of three million dollars (\$3,000,000) in the state fiscal year from net, table-game
25 revenues and net terminal income, combined, generated by the Twin River facility in Lincoln,
26 then the state shall make up such shortfall to the town of Lincoln out of the state's percentage of
27 net, table-game revenue set forth in this subsection (h)(2) and net terminal income set forth in
28 subsections (a)(1) and (a)(6); provided further however, if in any state fiscal year either video-
29 lottery games or table games are no longer offered at a facility in the town of Tiverton owned by
30 Twin River-Tiverton, LLC, then the state shall not be obligated to make up the shortfall
31 referenced in this subsection (h)(2); and

32 (3) Net, table-game revenue not otherwise disbursed pursuant to subsections (h)(1) and
33 (h)(2) shall be allocated to UTGR.

34 [SECTION 3. Except to the extent amended by this act, the terms, conditions, provisions](#)

1 and definitions of Chapter 322 and 323 of the Public Laws of 2005, Chapter 16 of the Public
2 Laws of 2010, Chapter 151, Article 25 of the Public Laws of 2011, Chapters 289 and 290 of the
3 Public Laws of 2012, Chapter 145, Article 13 of the Public Laws of 2014, Chapter 141, Article
4 11, Sections 16 – 22 of the Public Laws of 2015, and Chapters 005 and 006 of the Public Laws of
5 2016 (in each case as the more recent law may have amended an earlier law or laws), are hereby
6 incorporated herein by reference and shall remain in full force and effect.

7 SECTION 4. Definitions. For the purposes of this act, the following terms shall have the
8 following meanings, and to the extent that such terms are otherwise defined in any provision of
9 the general or public laws (including but not limited to Chapter 16 of the public Laws of 2010, as
10 amended, and Chapters 005 and 006 of the public laws of 2016), for purposes of this act, those
11 terms are hereby amended to read as follows:

12 (a) "Division" means the division of lotteries within the department of revenue and/or any
13 successor as party to the UTGR Master Contract and the Newport Grand Master Contract.

14 (b) "Initial Promotional Points Program" means, as to UTGR, that promotional points
15 program authorized in Chapter 16, Section 4(a)(ii) of Part A of the Public Laws of 2010, as
16 amended by Chapter 151, Article 25, Section 8 of the Public Laws of 2011 and by this act. As to
17 Newport Grand, "Initial Points Program" means that promotional points program authorized in
18 Chapter 16, Section 4(a)(ii) of Part B of the Public Laws of 2010, as amended by Chapter 151,
19 Article 25, Section 8 of the Public Laws of 2011 and by this act.

20 (c) "Marketing Program" means, as to UTGR, that marketing program set forth in
21 Chapter 16, Section 4(a)(iii) of Part A, of the Public Laws of 2010, as amended by Chapter 151,
22 Article 25, Section 8 of the Public Laws of 2011, and as amended by Chapter 145, Article 13,
23 Section 5 of the Public Laws of 2014, and as amended by Chapters 005 and 006 of the Public
24 Laws of 2016, and as clarified by this act. As to Newport Grand, "Marketing Program" means
25 that marketing program set forth in Chapter 16, Section 4(a)(iii) of Part B of the Public Laws of
26 2010, as amended by Chapter 151, Article 25, Section 8 of the Public Laws of 2011, and as
27 amended by Chapters 005 and 006 of the Public Laws of 2016, and as clarified by this act.

28 (d) "Marketing Year" means the fiscal year of the state.

29 (e) "Newport Grand" when it is referring to a legal entity, means Premier Entertainment
30 II. LLC and its permitted successors and assigns under the Newport Grand Master Contract.
31 "Newport Grand," when it is referring to a gaming facility, means Newport Grand Slots, located
32 at 150 Admiral Kalbfus Road, Newport, Rhode Island, unless and until state-operated video
33 lottery games are no longer offered at such facility in Newport and state-operated video-lottery
34 games are offered at a facility owned by Twin River-Tiverton located in Tiverton, Rhode Island,

1 at which time "Newport Grand" shall mean such Tiverton facility.

2 (f) "Newport Grand Division Percentage" means for any Marketing Year, the Division's
3 percentage of net terminal income derived from video lottery terminals located at the Newport
4 Grand facility as set forth in §42-61.2-7.

5 (g) "Newport Grand Master Contract" means that certain Master Video Lottery Terminal
6 Contract made as of November 23, 2005 by and between the Division and Newport Grand, as
7 amended and/or assigned from time to time in accordance with its terms.

8 (h) "Prior Marketing Year" means the prior state fiscal year.

9 (i) "Promotional Points " means the promotional points issued pursuant to any free play
10 or other promotional program operated by the Division at a licensed video lottery terminal facility
11 (including, without limitation, the Initial Promotional Points Program and Supplementary
12 Promotional Points Program as to UTGR and the Initial Promotional Points Program and
13 Supplementary Promotional Points Program as to Newport Grand), which may be downloaded to
14 a video lottery terminal by a player. Promotional Points are provided to customers and
15 prospective customers for no monetary charge. Customer registration may be required.

16 (j) "Promotional Points Program" means, as to UTGR, the Initial Promotional Points
17 Program or Supplementary Promotional Points Program applicable to UTGR, and as to Newport
18 Grand, the Initial Promotional Points Program or Supplementary Promotional Points Program
19 applicable to Newport Grand.

20 (k) "Supplementary Promotional Points Program" means that promotional points program
21 authorized in Section 8 as to Twin River and Section 9 as to Newport Grand, of Chapters 289 and
22 290 of the Public Laws of 2012.

23 (l) "Twin River-Tiverton" means Twin River-Tiverton LLC, a Delaware Limited
24 Liability Company. References herein to "Twin River-Tiverton" shall include its permitted
25 successors and assigns.

26 (m) "UTGR" has the meaning given that term in Chapter 16 of the Public Laws of 2010,
27 Part A, Section 2(n).

28 (n) "UTGR Division Percentage" means for any Marketing Year, the Division's
29 percentage of net terminal income derived from video lottery terminals located at the Twin River
30 facility as set forth in §42-61.2-7.

31 (o) "UTGR Master Contract" means that certain Master Video Lottery Terminal Contract
32 made as of July 18, 2005 by and between the Division, the Department of Transportation and
33 UTGR, as amended and/or assigned from time to time in accordance with its terms.

34 SECTION 5. Authorized Procurement of Sixth Amendment to the UTGR Master

1 Contract. Notwithstanding any general or public law, regulation or rule to the contrary, within
2 ninety (90) days of the enactment of this act, the Division is hereby expressly authorized,
3 empowered and directed to enter into with UTGR a Sixth Amendment to the UTGR Master
4 Contract as described in this section 5, to become effective April 1, 2017:

5 (a) Amendment to UTGR Supplementary Promotional Points Program.

6 (1) The Supplementary Promotional Points Program applicable to Twin River, which is
7 in addition to the Initial Promotional Points Program), shall be amended so that UTGR may
8 distribute to customers and prospective customers Promotional Points of up to but not more than
9 sixteen percent (16%) of Twin River net terminal income for the Prior Marketing Year. For
10 avoidance of doubt, as a result of the foregoing amendment, the approved amount of Promotional
11 Points that may be distributed by UTGR pursuant to the Initial and Supplementary Promotional
12 Points Programs, in the aggregate, may be up to but not more than twenty percent (20%) of the
13 amount of net terminal income of Twin River for the Prior Marketing Year, plus an additional
14 seven hundred fifty thousand dollars (\$750,000), subject however, to subsections (a)(3) and (a)(4)
15 below. The terms and conditions of the Initial and Supplementary Promotional Points Programs
16 applicable to Twin River shall be established from time to time by the Division, and such terms
17 and conditions shall include, without limitation, a State fiscal year audit of the program, the cost
18 of which audit shall be borne by UTGR.

19 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of
20 the UTGR Master Contract as established by Chapter 016, Section 4(a)(ii) of Part A of the public
21 laws of 2010, as amended pursuant to Chapter 151, Article 25, Section 8 of the Public Laws of
22 2011.

23 (3) Notwithstanding the foregoing or anything in the general or public laws to the
24 contrary, the amendment to the UTGR Master Contract shall provide that nothing shall prohibit
25 UTGR, with prior approval from the Division, from spending additional funds on the Initial
26 and/or Supplementary Promotional Points Programs (i.e., distributing to customers and
27 prospective customers Promotional Points in amounts in excess of the amounts initially-approved
28 by the Division with respect to the Initial and/or Supplementary Promotional Points Program),
29 even if such additional amounts exceed four percent (4%) of Twin River net terminal income for
30 the Prior Marketing Year plus seven hundred fifty thousand dollars (\$750,000) in regard to the
31 Initial Promotional Points Program for Twin River, or exceed sixteen percent (16%) of Twin
32 River net terminal income for the Prior Marketing Year in regard to the Supplementary
33 Promotional Points Program for Twin River, or exceed twenty percent (20%) of Twin River net
34 terminal income for the Prior Marketing Year plus seven hundred fifty thousand dollars

1 (\$750,000) in regard to the Twin River Initial and Supplementary Promotional Points Programs in
2 the aggregate; provided however, that the expense of any such additional spending on
3 Promotional Points shall be borne by UTGR, subject to subsection (a)(4) below.

4 (4) Notwithstanding any prior public or general law, rule, regulation or policy to the
5 contrary, UTGR shall remit to the Division the amount of any funds spent by UTGR in excess of
6 the amounts initially-approved by the Division with respect to the Initial and/or Supplementary
7 Promotional Points Programs – i.e., distributions to customers and prospective customers of
8 Promotional Points in excess of the amounts initially-approved by the Division for the Initial
9 and/or Supplementary Promotional Points Program, all pursuant to subsection (a)(3) above – and
10 the Division shall distribute such funds to the entities (including UTGR) entitled to a portion (or
11 percent) of net terminal income generated at Twin River pursuant to §42-61.2-7 of the Rhode
12 Island General Laws, paying to each such entity (including UTGR) that portion of the funds that
13 is equal to its portion (or percent) of net terminal income generated at Twin River as set forth in
14 §42-61.2-7 of the Rhode Island General Laws.

15 (b) Except to the extent amended and/or clarified pursuant to subsection (a) above, the
16 terms, provisions and conditions of the UTGR Master Contract, including without limitation
17 those terms, provisions and conditions relating to the Initial Promotion Points Program, the
18 Supplementary Promotional Points Program and the Marketing Program, shall remain in full
19 force and effect. If there is a conflict between any provision of the UTGR Master Contract and
20 this act, the provisions of this act control.

21 SECTION 6. Authorized Procurement of Sixth Amendment to the Newport Grand Master
22 Contract. Notwithstanding any general or public law, regulation or rule to the contrary, within
23 ninety (90) days of the enactment of this act, the Division is hereby expressly authorized,
24 empowered and directed to enter into with Newport Grand a Sixth Amendment to the Newport
25 Grand Master Contract as described in this section 6, to become effective April 1, 2017, except
26 the amendment made pursuant to subsection (b) below shall take effect pursuant to its terms:

27 (a) Amendment to Newport Grand Supplementary Promotional Points Program.

28 (1) The Supplementary Promotional Points Program applicable to Newport Grand, which
29 is in addition to the Initial Promotional Points Program, shall be amended so that Newport Grand
30 may distribute to customers and prospective customers Promotional Points up to but not more
31 than sixteen percent (16%) of Newport Grand net terminal income for the Prior Marketing Year.
32 For avoidance of doubt, as a result of the foregoing amendment, the approved amount of
33 Promotional Points that may be distributed by Newport Grand pursuant to the Initial and
34 Supplementary Promotional Points Programs, in the aggregate, may be up to but not more than

1 twenty percent (20%) of the amount of net terminal income of Newport Grand for the Prior
2 Marketing Year, plus an additional seven hundred fifty thousand dollars (\$750,000), subject
3 however, to subsections (a)(3) and (a)(4) below. The terms and conditions of the Initial and
4 Supplementary Promotional Points Programs applicable to Newport Grand shall be established
5 from time to time by the Division, and such terms and conditions shall include, without
6 limitation, a State fiscal year audit of the program, the cost of which audit shall be borne by
7 Newport Grand.

8 (2) For the avoidance of doubt, the foregoing supersedes and replaces the provisions of
9 the Newport Grand Master Contract as established by Chapter 016, Section 4(a)(ii) of Part B of
10 the public laws of 2010, as amended pursuant to Chapter 151, Article 25, Section 8 of the Public
11 Laws of 2011.

12 (3) Notwithstanding the foregoing or anything in the general or public laws to the
13 contrary, the amendment to the Newport Grand Master Contract shall provide that nothing shall
14 prohibit Newport Grand, with prior approval from the Division, from spending additional funds
15 on the Initial and/or Supplementary Promotional Points Programs (i.e., distributing to customers
16 and prospective customers Promotional Points in amounts in excess of the amounts initially-
17 approved by the Division with respect to the Initial and/or Supplementary Promotional Points
18 Program), even if such additional amounts exceed four percent (4%) of Newport Grand net
19 terminal income for the Prior Marketing Year plus seven hundred fifty thousand dollars
20 (\$750,000) in regard to the Initial Promotional Points Program for Newport Grand, or exceed
21 sixteen percent (16%) of Newport Grand net terminal income for the Prior Marketing Year in
22 regard to the Supplementary Promotional Points Program for Newport Grand, or exceed twenty
23 percent (20%) of Newport Grand net terminal income for the Prior Marketing Year plus seven
24 hundred fifty thousand dollars (\$750,000) in regard to the Newport Grand Initial and
25 Supplementary Promotional Points Programs in the aggregate; provided however, that the
26 expense of any such additional spending on Promotional Points shall be borne by Newport Grand,
27 subject to subsection (a)(4) below.

28 (4) Notwithstanding any prior public or general law, rule, regulation or policy to the
29 contrary, Newport Grand shall remit to the Division the amount of any funds spent by Newport
30 Grand in excess of the amounts initially-approved by the Division with respect to the Initial
31 and/or Supplementary Promotional Points Programs – i.e., distributions to customers and
32 prospective customers of Promotional Points in excess of the amounts initially-approved by the
33 Division for the Initial and/or Supplementary Promotional Points Program, all pursuant to
34 subsection (a)(3) above – and the Division shall distribute such funds to the entities (including

1 Newport Grand) entitled to a portion (or percent) of net terminal income generated at Newport
2 Grand pursuant to §42-61.2-7 of the Rhode Island General Laws, paying to each such entity
3 (including Newport Grand) that portion of the funds that is equal to its portion (or percent) of net
4 terminal income generated at Newport Grand as set forth in §42-61.2-7 of the Rhode Island
5 General Laws.

6 (b) Amendment to conform Newport Grand Master Contract to amendment to §42-61.2-7
7 of the Rhode Island General Laws. The Newport Grand Master Contract shall be amended to
8 conform that contract to the amendments made by section 2 of this act to §42-61.2-7 of the Rhode
9 Island General Laws. More specifically, the Newport Grand Master Contract shall be amended
10 such that the last sentence of Section 3.1 of the Fourth Amendment to the Newport Grand Master
11 Contract (dated July 14, 2015), shall read as follows, or with the following effect: "The increase
12 in rate of net terminal income payable to Newport Grand provided for in this Section 3.1 shall
13 sunset and expire upon the commencement of the operation of casino gaming at Twin River-
14 Tiverton's facility located in the town of Tiverton, and the rate in effect as of June 30, 2013 shall
15 be reinstated, and payable to the licensed entity hosting the casino gaming at such facility."

16 (c) Except to the extent amended and/or clarified pursuant to subsections (a) and (b)
17 above, the terms, provisions and conditions of the Newport Grand Master Contract, including
18 without limitation those terms, provisions and conditions relating to the Initial Promotion Points
19 Program, the Supplementary Promotional Points Program and the Marketing Program, shall
20 remain in full force and effect. If there is a conflict between any provision of the Newport Grand
21 Master Contract and this act, the provisions of this act control.

22 SECTION 7. This act shall take effect upon passage, except to the extent that individual
23 provisions of the act have specific effective dates.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO THE STATE-OPERATED GAMING FACILITIES IN LINCOLN, NEWPORT,
AND, WHEN OPERATIONS COMMENCE, IN TIVERTON

1 This act would allow the state to take certain actions in regard to state gaming as a result
2 of the recent referendum authorizing the establishment of a new casino gaming facility in the
3 town of Tiverton. The act would authorize the division of lotteries to enter into a sixth
4 amendment to the UTGR Master Contract. The act would also authorize amendments to the
5 Newport Grand Master Contract.

6 This act would take effect upon passage, except to the extent that individual provisions of
7 the act have specific effective dates.

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