

2014 -- H 8184

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO PUBLIC FINANCE - STATE REVENUE PROTECTION AND
ENHANCEMENT

Introduced By: Representative Raymond E.Gallison

Date Introduced: May 13, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The general assembly hereby finds that the Twin River facility
2 located in the town of Lincoln is an important source of revenue for the state of Rhode Island.
3 The purpose of this act is to protect and enhance the state's ability to maximize revenues at Twin
4 River during a period of increasing competition in the regional market by setting forth terms and
5 conditions of certain Twin River growth opportunities. It is the intent of the general assembly that
6 this act, being necessary for the welfare of the state and its citizens, shall be liberally construed so
7 as to effectuate its purposes, including without limitation, the state's attempt to minimize certain
8 commercial risks faced by Twin River.

9 SECTION 2. Definitions. For the purposes of this chapter, the following terms shall have
10 the following meanings:

11 (1) "Division" means the division of lotteries within the Rhode Island department of
12 revenue.

13 (2) "Division percentage" means for any marketing year, the division's percentage of net
14 terminal income as set forth in § 41-61.2-7.

15 (3) "Marketing program" means that marketing program set forth in Chapter 16 of the
16 Public Laws of 2010, Part A, Section 4(a)(iii), as amended by Chapter 151, Article 25 of the
17 Public Laws of 2011, Section 8 and as further amended by Section 4 hereof.

18 (4) "Master contract" means that certain master video lottery terminal contract made as of

1 July 18, 2005 by and between the division, the department of transportation and UTGR, Inc., as
2 amended from time to time.

3 SECTION 3. Unless otherwise amended by this act, the terms, conditions, provisions and
4 definitions of Chapters 322 and 323 of the Public Laws of 2005, Chapter 16 of the Public Laws of
5 2010, Chapter 151, Article 25 of the Public Laws of 2011, Chapter 289 of the Public Laws of
6 2012 and Chapters 106 and 107 of the Public Laws of 2013 are hereby incorporated by reference
7 and shall remain in full force and effect.

8 SECTION 4. Authorized procurement of fourth amendment to the master video lottery
9 terminal contract.

10 (a) Notwithstanding any provision of the general or Public Laws to the contrary, within
11 ninety (90) days of the date hereof, the division is hereby expressly authorized and directed to
12 enter into with UTGR, Inc. a fourth amendment to the master contract for the following purposes
13 and containing the following terms and conditions:

14 (1) Commencing July 1, 2014, the marketing program shall be amended as follows:

15 (i) Subject to subsections (a)(1)(ii) and (a)(1)(iii) herein for each marketing year to the
16 extent UTGR, Inc.'s marketing expenditures exceed four million dollars (\$4,000,000), the
17 division shall pay UTGR, Inc. an amount equal to the amount of such excess multiplied by the
18 division percentage.

19 (ii) Subject to subsection (a)(1)(iii) herein, the total amount payable by the division for
20 each marketing year shall be capped at an amount equal to the division percentage multiplied by
21 six million dollars (\$6,000,000) (i.e., ten million dollars (\$10,000,000) total marketing program
22 expenditures); provided further, that in any partial marketing year, the total amount payable by
23 the division shall be capped at an amount equal to the division percentage multiplied by six
24 million dollars (\$6,000,000), the product of which shall be further reduced by multiplying it by a
25 fraction: (A) The numerator of which is the number of days in any partial marketing year; and (B)
26 The denominator of which is three hundred sixty-five (365).

27 (iii) To the extent UTGR, Inc.'s aggregate marketing program expenditures exceed
28 fourteen million dollars (\$14,000,000) in any given marketing year, the division shall pay UTGR,
29 Inc. an amount equal to the amount of such excess multiplied by the division percentage;
30 provided however, if the total aggregate amount of UTGR, Inc.'s marketing program expenditures
31 in any given marketing year exceeds twenty million dollars (\$20,000,000), the division shall not
32 be required to make payments with respect to such excess amounts. By the way of example only,
33 if in a particular marketing year UTGR, Inc.'s marketing program expenditures equal fifteen
34 million dollars (\$15,000,000), the division shall pay to UTGR, Inc. the division percentage

1 multiplied by the sum of six million dollars (\$6,000,000), plus one million dollars (\$1,000,000).

2 (2) Marketing program expenditures for which the division has no obligation to make
3 payments to UTGR, Inc. hereunder (e.g., UTGR, Inc.'s first four million dollars (\$4,000,000) in
4 marketing program expenditures) shall be deemed to qualify as marketing program expenditures;
5 provided, that they are expenditures of the type and nature typically considered marketing
6 expenditures in the gaming industry and which serve to motivate individuals to participate in
7 gaming activities.

8 (3)(i) The requirements of the following subsection found in Chapter 16 of the Pub. L. of
9 2010, Part A, Section 4(a)(iii)(2) be stricken and removed from the first amendment to the master
10 contract, to wit; and (ii) The division shall not owe any amount pursuant to said subsection
11 4(a)(iii) in any given marketing year unless, pursuant to § 42-61.2-7(a), the state has received net
12 terminal income for such marketing year in an amount equal to or exceeding the amount of net
13 terminal income the state received for the state's fiscal year 2009. The requirements so stricken
14 shall allow the marketing program and payments due thereunder to be in effect for fiscal year
15 2015 pursuant to the terms and conditions set forth in said section.

16 (4) Except to the extent amended hereby, the terms, provisions and conditions of the
17 master contract, including without limitation those terms, provisions and conditions relating to
18 the marketing program, shall remain in full force and effect. If there is a conflict between any
19 provision of the master contract and this act, the provisions of this act control.

20 SECTION 5. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would authorize the division of lotteries to enter into a fourth amendment to the
2 master contract with UTGR, Inc. containing amendments to UTGR, Inc.'s marketing program,
3 regarding its Twin River facility.

4 This act would take effect upon passage.

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