ARTICLE 13

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2

RELATING TO STATE LOTTERY

3	SECTION 1. Section 42-61-15 of the General Laws in Chapter 42-61 entitled "State
4	Lottery" is hereby amended to read as follows:
5	42-61-15. State lottery fund (a) There is created the state lottery fund, into which
6	shall be deposited all revenues received by the division from the sales of lottery tickets and
7	license fees. The fund shall be in the custody of the general treasurer, subject to the direction of
8	division for the use of the division, and money shall be disbursed from it on the order of the
9	controller of the state, pursuant to vouchers or invoices signed by the director and certified by the
10	director of administration. The moneys in the state lottery fund shall be allotted in the following
11	order, and only for the following purposes:
12	(1) Establishing a prize fund from which payments of the prize awards shall be disbursed
13	to holders of winning lottery tickets on checks signed by the director and countersigned by the
14	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
16	determined by the division, but shall not be less than forty-five percent (45%) nor more than
17	sixty-five percent (65%) of the total revenue accruing from the sale of lottery tickets.
18	(ii) However, for For the lottery game commonly known as "Keno", the amount of prize
19	awards to holders of winning Keno tickets shall be determined by the division, but shall not be
20	less than forty-five percent (45%) nor more than seventy-two percent (72%) of the total revenue
21	accruing from the sale of Keno tickets.
22	(2) Payment of expenses incurred by the division in the operation of the state lotteries
23	including, but not limited to, costs arising from contracts entered into by the director for
24	promotional, consulting, or operational services, salaries of professional, technical, and clerical
25	assistants, and purchases or lease of facilities, lottery equipment, and materials; provided
26	however, solely for the purpose of determining revenues remaining and available for transfer to
27	the state's general fund, beginning in fiscal year 2015, expenses incurred by the division in the
28	operation of state lotteries shall reflect the actuarially determined employer contribution to the
29	Employees' Retirement System consistent with the state's adopted funding policy. For financia
30	reporting purposes, the state lottery fund financial statements shall be prepared in accordance

1	with generally accepted accounting principles as promulgated by the Governmental Accounting
2	Standards Board; and
3	(3) Repayment into the general revenue fund of the amount appropriated for the
4	implementation of the state lottery; and
5	(4)(3) Payment into the general revenue fund of all revenues remaining in the state lottery
6	fund after the payments specified in subdivisions (a)(1) $-\frac{(a)(3)}{(a)(2)}$ of this section; provided
7	that the amount to be transferred into the general revenue fund shall equal no less than twenty
8	five percent (25%) of the total revenue received and accrued from the sale of lottery tickets plus
9	any other income earned from the lottery; provided further, that the revenue returned to the
10	general fund from the game commonly known as Keno, shall not be calculated as part of the
11	twenty five percent (25%) mandate required by this section, but the amount transferred into the
12	general revenue fund shall equal no less than fifteen percent (15%) of the total Keno revenue
13	received.
14	(b) The auditor general shall conduct an annual post audit of the financial records and
15	operations of the lottery for the preceding year in accordance with generally accepted auditing
16	standards and government auditing standards. In connection with the audit, the auditor genera
17	may examine all records, files, and other documents of the division, and any records of lottery
18	sales agents that pertain to their activities as agents, for purposes of conducting the audit. The
19	auditor general, in addition to the annual post audit, may require or conduct any other audits or
20	studies he or she deems appropriate, the costs of which shall be borne by the division.
21	(c) Payments into the state's general fund specified in subsection (a)(4) (3) of this section
22	shall be made on an estimated quarterly basis. Payment shall be made on the tenth business day
23	following the close of the quarter except for the fourth quarter when payment shall be on the las
24	business day.
25	SECTION 2. The general assembly hereby finds that the Twin River facility located in
26	the town of Lincoln is an important source of revenue for the state of Rhode Island. The purpose
27	of sections 3 through 5 of this article is to protect and enhance the state's ability to maximize
28	revenues at Twin River during a period of increasing competition in the regional market by
29	setting forth terms and conditions of certain Twin River growth opportunities. It is the intent o
30	the general assembly that this act, being necessary for the welfare of the state and its citizens
31	shall be liberally construed so as to effectuate its purposes, including without limitation, the
32	state's attempt to minimize certain commercial risks faced by Twin River.
33	SECTION 3. Definitions. For the purposes of this chapter, the following terms shall have
34	the following meanings:

1	(1) "Division" means the division of lotteries within the Rhode Island department of
2	revenue.
3	(2) "Division percentage" means for any marketing year, the division's percentage of net
4	terminal income as set forth in § 42-61.2-7.
5	(3) "Marketing program" means that marketing program set forth in Chapter 16 of the
6	Public Laws of 2010, Part A, Section 4(a)(iii), as amended by Chapter 151, Article 25 of the
7	Public Laws of 2011, Section 8 and as further amended by Section 4 hereof.
8	(4) "Master contract" means that certain master video lottery terminal contract made as of
9	July 18, 2005 by and between the division, the department of transportation and UTGR, Inc., as
10	amended from time to time.
11	SECTION 4. Unless otherwise amended by this act, the terms, conditions, provisions and
12	definitions of Chapters 322 and 323 of the Public Laws of 2005, Chapter 16 of the Public Laws of
13	2010, Chapter 151, Article 25 of the Public Laws of 2011, Chapter 289 of the Public Laws of
14	2012 and Chapters 106 and 107 of the Public Laws of 2013 are hereby incorporated by reference
15	and shall remain in full force and effect.
16	SECTION 5. Authorized procurement of fourth amendment to the master video lottery
17	terminal contract.
18	(a) Notwithstanding any provision of the general or Public Laws to the contrary, within
19	ninety (90) days of the date hereof, the division is hereby expressly authorized and directed to
20	enter into with UTGR, Inc. a fourth amendment to the master contract for the following purposes
21	and containing the following terms and conditions:
22	(1) Commencing July 1, 2014, the marketing program shall be amended as follows:
23	(i) Subject to subsections (a)(1)(ii) and (a)(1)(iii) herein for each marketing year to the
24	extent UTGR, Inc.'s marketing expenditures exceed four million dollars (\$4,000,000), the
25	division shall pay UTGR, Inc. an amount equal to the amount of such excess multiplied by the
26	division percentage.
27	(ii) Subject to subsection (a)(1)(iii) herein, the total amount payable by the division for
28	each marketing year shall be capped at an amount equal to the division percentage multiplied by
29	six million dollars (\$6,000,000) (i.e., ten million dollars (\$10,000,000) total marketing program
30	expenditures); provided further, that in any partial marketing year, the total amount payable by
31	the division shall be capped at an amount equal to the division percentage multiplied by six
32	million dollars (\$6,000,000), the product of which shall be further reduced by multiplying it by a
33	fraction: (A) The numerator of which is the number of days in any partial marketing year; and (B)
34	The denominator of which is three hundred sixty-five (365).

1	(iii) To the extent UTGR, Inc.'s aggregate marketing program expenditures exceed
2	fourteen million dollars (\$14,000,000) in any given marketing year, the division shall pay UTGR,
3	Inc. an amount equal to the amount of such excess multiplied by the division percentage;
4	provided however, if the total aggregate amount of UTGR, Inc.'s marketing program expenditures
5	in any given marketing year exceeds seventeen million dollars (\$17,000,000), the division shall
6	not be required to make payments with respect to such excess amounts. By the way of example
7	only, if in a particular marketing year UTGR, Inc.'s marketing program expenditures equal fifteen
8	million dollars (\$15,000,000), the division shall pay to UTGR, Inc. the division percentage
9	multiplied by the sum of six million dollars (\$6,000,000), plus one million dollars (\$1,000,000).
10	(2)(i) The requirements of the following subsection found in Chapter 16 of the Pub. L. of
11	2010, Part A, Section 4(a)(iii)(2) be stricken and removed from the first amendment to the master
12	contract, to wit; and (ii) The division shall not owe any amount pursuant to said subsection
13	4(a)(iii) in any given marketing year unless, pursuant to § 42-61.2-7(a), the state has received net
14	terminal income for such marketing year in an amount equal to or exceeding the amount of net
15	terminal income the state received for the state's fiscal year 2009. The requirements so stricken
16	shall allow the marketing program and payments due thereunder to be in effect for fiscal year
17	2015 pursuant to the terms and conditions set forth in said section.
18	(3) Except to the extent amended hereby, the terms, provisions and conditions of the
19	master contract, including without limitation those terms, provisions and conditions relating to the
20	marketing program, shall remain in full force and effect. If there is a conflict between any
21	provision of the master contract and this article, the provisions of this article control.

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