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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - VIDEO LOTTERY GAMES,
TABLE GAMES AND SPORTS WAGERING

Introduced By: Senators Felag, and DiPalma

Date Introduced: June 18, 2021

Referred To: Senate Special Legislation and Veterans Affairs

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 Games, Table Games and Sports Wagering” is hereby amended to read as follows:

3 **42-61.2-7. Division of revenue.**

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

6 (1) For deposit in the general fund and to the Division fund for administrative purposes:
7 Net, terminal income not otherwise disbursed in accordance with subdivisions (a)(2) -- (a)(6)
8 inclusive, or otherwise disbursed in accordance with subsections (g)(2) and (h)(2);

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

1 general appropriations. For the fiscal year ending June 30, 2010, the total state distribution shall be
2 the same total amount distributed in the fiscal year ending June 30, 2009, and shall be made from
3 general appropriations, provided, however, that seven hundred eighty-four thousand four hundred
4 fifty-eight dollars (\$784,458) of the total appropriation shall be distributed equally to each
5 qualifying distressed community. For each of the fiscal years ending June 30, 2011, June 30, 2012,
6 and June 30, 2013, seven hundred eighty-four thousand four hundred fifty-eight dollars (\$784,458)
7 of the total appropriation shall be 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 [repealed]. The maximum credit defined in subdivision 44-33-9(2) shall increase to the
11 maximum amount to the nearest five dollar (\$5.00) increment within the allocation until a
12 maximum credit of five hundred dollars (\$500) is obtained. In no event shall the exemption in any
13 fiscal year be 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 subsection (a)(1)(i) distributed proportionately on the basis of general
21 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 Newport Grand Master Contract, Newport Grand
28 twenty-six percent (26%), minus three hundred eighty-four thousand nine hundred ninety-six
29 dollars (\$384,996);

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

34 (iii) Effective July 1, 2013, the rate of net terminal income payable to the licensed, video

1 lottery retailer who is a party to the Newport Grand Master Contract shall increase by two and one
2 quarter percent (2.25%) points. The increase herein shall sunset and expire on June 30, 2015, and
3 the rate in effect as of June 30, 2013, shall be reinstated.

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

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

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

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

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

1 (\$767,687).

2 (3) Except for the period commencing on January 1, 2023 and expiring on June 30, 2043,

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

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

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

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

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

22 (ii) To contractors that are a party to the master contract as set forth and referenced in P.L.
23 2003, ch. 32, all sums due and payable under said master contract; and

24 (iii) Notwithstanding paragraphs (i) and (ii), there shall be subtracted proportionately from
25 the payments to technology providers the sum of six hundred twenty-eight thousand seven hundred
26 thirty-seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii).

27 With respect to the period commencing on January 1, 2023 and expiring on June 30, 2043,

28 (i) To the exclusive technology provider, all sums due and payable under the VLT
29 Agreement;

30 (ii) Notwithstanding paragraph (i), there shall be subtracted from the payments to the
31 exclusive technology provider the sum of six hundred twenty-eight thousand seven hundred thirty-
32 seven dollars (\$628,737) which shall be distributed pursuant to Section 42-61.2-7(b)(3)(iii); and

33 (iii) To IGT, all sums due and payable under the Video Lottery Agreement.

34 (4)(A) Until video lottery games are no longer operated at the Newport Grand gaming

1 facility located in Newport, to the city of Newport one and one hundredth percent (1.01%) of net
2 terminal income of authorized Video Lottery Terminals at Newport Grand, except that effective
3 November 9, 2009, until June 30, 2013, the allocation shall be one and two tenths percent (1.2%)
4 of net terminal income of authorized Video Lottery Terminals at Newport Grand for each week the
5 facility operates video lottery games on a twenty-four-hour (24) basis for all eligible hours
6 authorized; and

7 (B) Upon commencement of the operation of video lottery games at the Tiverton gaming
8 facility, to the town of Tiverton one and forty-five hundredths percent (1.45%) of net terminal
9 income of authorized Video Lottery Terminals at the Tiverton gaming facility, subject to subsection
10 (g)(2); and

11 (C) To the town of Lincoln, one and twenty-six hundredths percent (1.26%) of net terminal
12 income of authorized Video Lottery Terminals at the Lincoln gaming facility except that:

13 (i) Effective November 9, 2009, until June 30, 2013, the allocation shall be one and forty-
14 five hundredths percent (1.45%) of net terminal income of authorized Video Lottery Terminals at
15 the Lincoln gaming facility for each week video lottery games are offered on a twenty-four-hour
16 (24) basis for all eligible hours authorized; and

17 (ii) Effective July 1, 2013, provided that the referendum measure authorized by P.L. 2011,
18 ch. 151, article 25 as amended, section 4, is approved statewide and in the Town of Lincoln, the
19 allocation shall be one and forty-five hundredths percent (1.45%) of net terminal income of
20 authorized Video Lottery Terminals at the Lincoln gaming facility, subject to subsection (h)(2);
21 and

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

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

33 (7) Payments into the state's general fund specified in subsections (a)(1) and (a)(6) shall be
34 made on an estimated monthly basis. Payment shall be made on the tenth day following the close

1 of the month except for the last month when payment shall be on the last business day.

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

5 (c) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
6 is authorized to fund the marketing program as described in the UTGR master contract.

7 (d) Notwithstanding the above, the amounts payable by the Division to the licensed, video
8 lottery retailer who is a party to the Newport Grand Master Contract related to the marketing
9 program described in the Newport Grand Master Contract (as such may be amended from time to
10 time) shall be paid on a frequency agreed by the Division, but no less frequently than annually.

11 (e) Notwithstanding anything in this chapter 61.2 of this title to the contrary, the director
12 is authorized to fund the marketing program as described in the Newport Grand Master Contract.

13 (f) Notwithstanding the provisions of Section 42-61-15, but subject to Section 42-61.2-
14 7(h), the allocation of net table-game revenue derived from table games at the Lincoln gaming
15 facility is as follows:

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

18 (i) Sixteen percent (16%) of net table-game revenue, except as provided in Section 42-
19 61.2-7(f)(1)(ii);

20 (ii) An additional two percent (2%) of net table-game revenue generated at the Lincoln
21 gaming facility shall be allocated starting from the commencement of table games activities by
22 such table-game retailer and ending, with respect to such table-game retailer, on the first date that
23 such table-game retailer's net terminal income for a full state fiscal year is less than such table-
24 game retailer's net terminal income for the prior state fiscal year, at which point this additional
25 allocation to the state shall no longer apply to such table-game retailer.

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

31 (g) Notwithstanding the provisions of Section 42-61-15, the allocation of net table-game
32 revenue derived from table games at the Tiverton gaming facility is as follows:

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

1 (2) Fifteen and one-half percent (15.5%) of net table-game revenue shall be allocated to
2 the state first for deposit into the state lottery fund for administrative purposes and then the balance
3 remaining into the general fund; provided however, that beginning with the first state fiscal year
4 that the Tiverton gaming facility offers patrons video lottery games and table games ~~for all of such~~
5 ~~state fiscal year~~, for that initial state fiscal year and each subsequent state fiscal year that such
6 Tiverton gaming facility offers patrons video lottery games and table games for all of such state
7 fiscal year, if the town of Tiverton has not received an aggregate of three million dollars
8 (\$3,000,000) in the state fiscal year from net table-game revenues and net terminal income,
9 combined, generated by the Tiverton gaming facility ("Tiverton Minimum"), then the state shall
10 make up such shortfall to the town of Tiverton out of the state's percentage of net table-game
11 revenue set forth in this subsection (g)(2) and net terminal income set forth in subsections (a)(1)
12 and (a)(6), so long as that there has not been a closure of the Tiverton gaming facility for more than
13 thirty (30) consecutive days during such state fiscal year, and, if there has been such a closure, then
14 the Tiverton Minimum, if applicable, shall be prorated per day of such closure and any closure(s)
15 thereafter for that state fiscal year; notwithstanding the foregoing, with respect to fiscal year 2021,
16 because of the closure of the Tiverton gaming facility due to the COVID-19 pandemic, the town of
17 Tiverton shall receive no less than a total of three million dollars (\$3,000,000) as an aggregate
18 payment for net, table-game revenues, net terminal income, and the shortfall from the state,
19 combined; provided further however, if in any state fiscal year either video lottery games or table
20 games are no longer offered ~~at~~ in the Tiverton gaming facility, then the state shall not be obligated
21 to make up the shortfall referenced in this subsection (g)(2); and

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

24 (h) Notwithstanding the foregoing Section 42-61.2-7(f) and superseding that section
25 effective upon the first date that the Tiverton gaming facility offers patrons video lottery games and
26 table games, the allocation of net table-game revenue derived from table games at the Lincoln
27 gaming facility shall be as follows:

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

30 (2) Fifteen and one-half percent (15.5%) of net table-game revenue shall be allocated to
31 the state first for deposit into the state lottery fund for administrative purposes and then the balance
32 remaining into the general fund; provided however, that beginning with the first state fiscal year
33 that the Tiverton gaming facility offers patrons video lottery games and table games for all of such
34 state fiscal year, for that state fiscal year and each subsequent state fiscal year that the Tiverton

1 gaming facility offers patrons video lottery games and table games for all of such state fiscal year,
2 if the town of Lincoln has not received an aggregate of three million dollars (\$3,000,000) in the
3 state fiscal year from net table-game revenues and net terminal income, combined, generated by
4 the Lincoln gaming facility ("[Lincoln Minimum](#)"), then the state shall make up such shortfall to the
5 town of Lincoln out of the state's percentage of net table-game revenue set forth in this subsection
6 (h)(2) and net terminal income set forth in subsections (a)(1) and (a)(6), [so long as that there has](#)
7 [not been a closure of the Tiverton gaming facility for more than thirty \(30\) consecutive days during](#)
8 [such state fiscal year, and, if there has been such a closure, then the Lincoln Minimum, if applicable,](#)
9 [shall be prorated per day of such closure and any closure\(s\) thereafter for that state fiscal year;](#)
10 provided further however, if in any state fiscal year either video lottery games or table games are
11 no longer offered at the Tiverton gaming facility, then the state shall not be obligated to make up
12 the shortfall referenced in this subsection (h)(2); and

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

15 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 GAMES,
TABLE GAMES AND SPORTS WAGERING

1 This act would provide for an adjustment to the states allocated revenue from the Tiverton
2 gaming facility in the event of a closure of more than thirty (30) days, and for the fiscal year 2021,
3 help compensate the two (2) casino host communities of Tiverton and Lincoln for the shortfall in
4 their entitled share from the casinos net, table-game revenue and net terminal income.

5 This act would take effect upon passage.

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