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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - VIDEO LOTTERY TERMINAL

Introduced By: Representative Michael J. Marcello

Date Introduced: March 17, 2011

Referred To: House Finance

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 Terminal" is hereby amended to read as follows:

3 **42-61.2-7. Division of revenue. [Effective June 30, 2009 and expires June 30, 2011.] -**

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

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

9 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
10 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally
11 allocated to the distressed communities as defined in section 45-13-12 provided that no eligible
12 community shall receive more than twenty-five percent (25%) of that community's currently
13 enacted municipal budget as its share under this specific subsection. Distributions made under
14 this specific subsection are supplemental to all other distributions made under any portion of
15 general laws section 45-13-12. For the fiscal year ending June 30, 2008 distributions by
16 community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and
17 shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total
18 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
19 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the

1 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,
2 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
3 appropriation shall be distributed equally to each qualifying distressed community.

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

10 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-
11 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
12 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
13 shall the exemption in any fiscal year be less than the prior fiscal year.

14 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
15 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
16 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
17 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
18 distributions by community shall be identical to the distributions made in the fiscal year ending
19 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
20 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
21 funding shall be determined by appropriation.

22 (2) To the licensed video lottery retailer:

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

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

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

34 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video

1 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
2 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
3 (\$767,687).

4 (3) (i) To the technology providers who are not a party to the GTECH Master Contract
5 as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net
6 terminal income of the provider's terminals;

7 (ii) To contractors who are a party to the Master Contract as set forth and referenced in
8 Public Law 2003, Chapter 32, all sums due and payable under said Master Contract;

9 (iii) Notwithstanding paragraphs (i) and (ii) above, there shall be subtracted
10 proportionately from the payments to technology providers the sum of six hundred twenty-eight
11 thousand seven hundred thirty-seven dollars (\$628,737);

12 (4) To the city of Newport one and one hundredth percent (1.01%) of net terminal
13 income of authorized machines at Newport Grand except that effective November 9, 2009, the
14 allocation shall be one and two tenths percent (1.2%) of net terminal income of authorized
15 machines at Newport Grand for each week the facility operates video lottery games on a twenty-
16 four (24) hour basis for all eligible hours authorized and to the town of Lincoln one and twenty-
17 six hundredths percent (1.26%) of net terminal income of authorized machines at Lincoln Park
18 except that effective November 9, 2009, the allocation shall be one and forty-five hundredths
19 percent (1.45%) of net terminal income of authorized machines at Lincoln Park for each week the
20 facility operates video lottery games on a twenty-four (24) hour basis for all eligible hours
21 authorized;

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

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

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

1 close 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 shall be paid on a frequency agreed by the Division, but no less
4 frequently than annually.

5 (c) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
6 Director is authorized to fund the Marketing Program as described above in regard to the First
7 Amendment to the UTGR Master Contract.

8 (d) Notwithstanding the above, the amounts payable by the Division to Newport Grand
9 related to the Marketing Program shall be paid on a frequency agreed by the Division, but no less
10 frequently than annually.

11 (e) 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 Newport Grand Master Contract.

14 **42-61.2-7. Division of revenue. [Effective June 30, 2011.]** -- (a) Notwithstanding the
15 provisions of section 42-61-15, the allocation of net terminal income derived from video lottery
16 games is as follows:

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

20 (i) Except for the fiscal year ending June 30, 2008, nineteen one hundredths of one
21 percent (0.19%) up to a maximum of twenty million dollars (\$20,000,000) shall be equally
22 allocated to the distressed communities as defined in section 45-13-12 provided that no eligible
23 community shall receive more than twenty-five percent (25%) of that community's currently
24 enacted municipal budget as its share under this specific subsection. Distributions made under
25 this specific subsection are supplemental to all other distributions made under any portion of
26 general laws section 45-13-12. For the fiscal year ending June 30, 2008 distributions by
27 community shall be identical to the distributions made in the fiscal year ending June 30, 2007 and
28 shall be made from general appropriations. For the fiscal year ending June 30, 2009, the total
29 state distribution shall be the same total amount distributed in the fiscal year ending June 30,
30 2008 and shall be made from general appropriations. For the fiscal year ending June 30, 2010, the
31 total state distribution shall be the same total amount distributed in the fiscal year ending June 30,
32 2009 and shall be made from general appropriations, provided however that \$784,458 of the total
33 appropriation shall be distributed equally to each qualifying distressed community.

34 (ii) Five one hundredths of one percent (0.05%) up to a maximum of five million dollars

1 (\$5,000,000) shall be appropriated to property tax relief to fully fund the provisions of section 44-
2 33-2.1. The maximum credit defined in subdivision 44-33-9(2) shall increase to the maximum
3 amount to the nearest five dollar (\$5.00) increment within the allocation until a maximum credit
4 of five hundred dollars (\$500) is obtained. In no event shall the exemption in any fiscal year be
5 less than the prior fiscal year.

6 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-
7 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
8 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
9 shall the exemption in any fiscal year be less than the prior fiscal year.

10 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
11 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
12 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
13 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
14 distributions by community shall be identical to the distributions made in the fiscal year ending
15 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
16 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
17 funding shall be determined by appropriation.

18 (2) To the licensed video lottery retailer:

19 (a) (i) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-
20 six percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
21 (\$384,996);

22 (ii) On and after the effective date of the NGJA Master Contract, to the licensed video
23 lottery retailer who is a party to the NGJA Master Contract, all sums due and payable under said
24 Master Contract minus three hundred eighty four thousand nine hundred ninety-six dollars
25 (\$384,996).

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 who 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).

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1 as set forth and referenced in Public Law 2003, Chapter 32, seven percent (7%) of the net
2 terminal income of the provider's terminals;

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
9 income of authorized machines at Newport Grand and to the town of Lincoln one and twenty-six
10 hundredths percent (1.26%) of net terminal income of authorized machines at Lincoln Park; 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, which 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 subdivisions (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 shall be paid on a frequency agreed by the Division, but no less
27 frequently than annually; out of that share of net terminal income disbursed pursuant to
28 subdivision 42-61.2-7(a)(1) as an administrative expense of the division after allocation of net
29 terminal income pursuant to subdivisions 42-61.2-7(a)(1) through (a)(6).

30 (c) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
31 Director is authorized to fund the Marketing Program as described above in regard to the First
32 Amendment to the UTGR Master Contract.

33 (d) Notwithstanding the above, the amounts payable by the Division to Newport Grand
34 related to the Marketing Program shall be paid on a frequency agreed by the Division, but no less

1 frequently than annually; out of that share of net terminal income disbursed pursuant to
2 subdivision 42-61.2-7(a)(1) as an administrative expense of the division after allocation of net
3 terminal income pursuant to sections 42-61.2-7(a)(1) through (a)(6).

4 (e) Notwithstanding anything in this chapter 61.2 of this title 42 to the contrary, the
5 Director is authorized to fund the Marketing Program as described above in regard to the First
6 Amendment to the Newport Grand Master Contract.

7 SECTION 2. This act shall take effect on June 30, 2011.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT - VIDEO LOTTERY TERMINAL

1 This act would provide that any net terminal income paid to UTGR or Newport Grand
2 related to the marketing program shall be paid out of the share of net terminal income disbursed
3 as an administrative expense of the division of state lottery after applicable allocations of net
4 terminal income.

5 This act would take effect on June 30, 2011.

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