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LC02032

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2010

A N A C T

RELATING TO SPORTS, RACING AND ATHLETICS

Introduced By: Representative Charlene Lima

Date Introduced: March 02, 2010

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 41 of the General Laws entitled "SPORTS, RACING, AND
2 ATHLETICS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 9.2

4 THE RHODE ISLAND CASINO GAMING ACT

5 **41-9.2-1. Title.** – This chapter shall be known and may be cited as the “Rhode Island
6 Casino Gaming Act.”

7 **41-9.2-2. Legislative findings.** – The general assembly makes the following findings:

8 (1) Although limited gaming activities exist in the town of Lincoln and in the city of
9 Newport, a destination-style casino resort with related hotels and other amenities does not exist in
10 the most ideal and strategic location that Rhode Island may be able to offer in order to maximize
11 tourism and revenue generation and to insulate Rhode Island’s economy in the long-term from the
12 negative economic impacts that will result from potential casinos in Massachusetts and continued
13 gaming resort expansion in Connecticut.

14 (2) The citizens of Rhode Island realize that the state features many attractive and
15 interesting locations and assets that have never been utilized or developed to their full potential,
16 and time continues to go by as jobs continue to be lost, industries continue to shrink and/or
17 disappear, and taxes continue to increase.

18 (3) Such attractive but underutilized assets and locations may well lend themselves to a
19 destination-style casino resort project that would allow the state to boast a true national casino

1 owner/operator with significant name-brand recognition, and a significant national marketing
2 platform and customer data base; to effectively compete for national conventions and tourism
3 which is now lagging and most needed; to generate significant and additional revenues to reduce
4 the annual tax increases and budget deficits that have been crippling Rhode Island's economy; to
5 realize full-time employment jobs that would far exceed the mid-500 employment level and thirty
6 (30) hour per week definition that presently exists; to be free from ever being pressured to
7 reimburse a gaming facility for marketing or management costs; to be free from ever being
8 pressured to reimburse a gaming facility for losses due to future competition; to feature a facility
9 that will not reduce or eliminate live racing and other athletic events that a true destination-style
10 casino resort should offer; to feature a facility that will not reduce or eliminate the restaurants,
11 spas and other amenities that a true destination-style casino resort should offer; to enable the state
12 to not be at the risk of any single facility threatening to close its doors and threatening that no
13 other venue exists for the state to potentially transfer the "gaming" license to; to have a
14 destination-style casino resort that will tie into an overall economic development plan of not just
15 the host community but of the state itself; to generate for the state, unlike what has occurred in
16 other jurisdictions, a license fee in excess of one hundred million dollars (\$100,000,000); and to
17 generate for the state the best deal possible through a true competitive bidding process, which the
18 citizens of this state have asked for in the past but have not received.

19 (4) Such locations and assets that may warrant consideration for the siting of a full
20 destination-style casino resort, or for utilization in connection with such a resort, may include
21 without limitation the waterfront along Allens Avenue in the city of Providence; a complex that
22 may comprise of the Rhode Island Convention Center, the Dunkin Donuts Center (f/k/a the
23 Providence Civic Center and the Westin Hotel in downtown Providence; Quonset Point which
24 boasts an airline strip, rail system and docking for potential cruise ships; the site proposed by the
25 town of Johnston in 2006; the site endorsed by the town of West Warwick in 2006; and such
26 other sites and ideas that creative and imaginative municipalities, companies and individuals may
27 propose or suggest.

28 (5) Unlike in previous years, the citizens of Rhode Island should be allowed to make this
29 determination in a manner that is consistent with the Rhode Island constitution; in a manner that
30 cannot be unduly influenced by any one specific proposal or location; in a manner that would
31 allow the citizens of Rhode Island to see the most creative and best ideas that would come
32 forward from a truly open and competitive process; and in a manner that is not forced into an
33 unrealistic and short time-frame, whether this act is passed in the 2010 or 2011 legislative
34 session, that may discourage the best and most well-thought out ideas and projects from being

1 developed and brought forward.

2 (6) The citizens of Rhode Island should be able to exercise their rights, and their elected
3 representatives should be able to implement the people’s determination, based upon clear and
4 objective criteria.

5 (7) Potential casino enterprise licenses should be provided with clear and objective
6 criteria, and if the people so exercise their discretion to realize additional revenues from casino
7 gaming, those revenues should be maximized through the development of a destination-style
8 casino resort that will endure future competition in the New England region.

9 **41-9.2-3. Casino gaming authorized.** – Notwithstanding any other section of Rhode
10 Island general laws, casino gaming is authorized at a single gambling facility in the state of
11 Rhode Island to the extent that it is established and conducted in accordance with this chapter.

12 **41-9.2-4. State and local referendum election.** – (a) The general assembly hereby
13 authorizes submission to all of the electors of the state, at a general election to take place on
14 November 6, 2012, the following: “A new section 23 shall be added to and included in Article VI
15 of the constitution to read as follows: ‘Section 23. Resort Casino – Notwithstanding sections 15
16 and 22 of this Article, the establishment of a resort casino in the town (city) of _____,
17 where all games played in casinos in other states, whether deemed lotteries or not, shall be
18 allowed to be played, is authorized. The resort casino may be privately owned and privately
19 operated by a business entity established pursuant to Rhode Island law, which entity shall be
20 subject to regulation and taxation by the State of Rhode Island.’”

21 (b) Prior to the general election question being submitted to the electors of the state and
22 prior to any destination-style casino resort being established in any municipality, and in order for
23 such municipality to be eligible as the host community for such casino resort, the town or city
24 council of the municipality shall, prior to November 1, 2011, file a statement of intent with the
25 secretary of state that demonstrates the following: (1) Evidence of a resolution from such town or
26 city council for a referendum to establish a destination-style casino resort in such town or city; (2)
27 Evidence of approval by the electors of such town or city of the question referenced in (a) and
28 (b)(1) with respect to one destination-style casino resort project; (3) Evidence of the local board
29 of canvassers of such town or city certifying the local election results to the secretary of state; (4)
30 Adequate description of real estate designated and available for the development of the single
31 destination-style casino resort project. Failure of a municipality to so file a statement of intent
32 prior to November 1, 2011 shall disqualify and bar such municipality from being named in the
33 general election question and from being eligible to be the host community for a destination-style
34 casino resort.

1 (c) In the event of certification by the secretary of state of its receipt of a statement of
2 intent of one municipality in compliance with the provisions of subsection (b) above, the question
3 and explanation referenced in subsection (a) above shall then be submitted to the electors of the
4 state at a general election to take place on November 6, 2012. In the event of certification by the
5 secretary of state of its receipt of a statement of intent of more than one municipality in
6 compliance with the provisions of subsection (b) above, the Rhode Island department of business
7 regulations and the Rhode Island division of lottery (collectively, the “selection committee”) shall
8 determine through a request for proposal process, in accordance with the provisions of sections
9 41-9.2-10, 41-9.2-11 and 41-9.2-12, which municipality shall be named in the question
10 referenced in subsection (a) above, and such question with such municipality shall then be
11 submitted to the electors of the state at a general election to take place on November 6, 2012.

12 (d) In the event of the affirmative vote of the electors of the state on November 6, 2012,
13 the applicant shall be awarded the casino license upon a one-time payment to the state by the
14 applicant of a one hundred million dollar (\$100,000,000) license fee.

15 (e) In the event that the affirmative vote of the electors of the state does not occur, or in
16 the event that no applicant is able to submit a timely statement of intent as referenced in
17 subsection (b), then this chapter shall cease to have effect and shall become null and void.

18 **41-9.2-5. Request for proposal process—Content of proposals.** – (a) Notwithstanding
19 any provision of the general laws to the contrary, with respect to the matters contemplated in this
20 chapter, the request for proposal process described in this chapter shall govern and control and
21 shall be in lieu of any other public bidding or request for proposal rights or requirements
22 contained elsewhere in the general laws.

23 In the event of certification by the secretary of state of its receipt of a statement of intent
24 of more than one municipality in compliance with the provisions of subsection 41-9.1-10(b)
25 above, the selection committee shall issue, no later than December 15, 2012, a request for
26 proposals from interested applicants with respect to the establishment of a single destination-style
27 casino resort to be located in one of the municipalities that so filed a statement of intent. Each
28 proposal shall be made under oath on forms provided by the selection committee, and shall be
29 submitted by an applicant to the selection committee no later than March 15, 2013. The
30 application shall contain information as prescribed by the selection committee, including, but not
31 limited to, all of the following:

32 (1) The identity of every person, in accordance with the provisions of this subdivision (a)
33 (1), who has or controls any ownership interest in the applicant with respect to which the license
34 is sought. If the disclosed entity is a trust, the application shall disclose the names, addresses,

1 birth dates and social security number of all such beneficiaries; if a corporation, the names,
2 addresses, birth dates and social security numbers of all such stockholders and directors; if a
3 partnership, the names, addresses, birth dates and social security numbers of all such partners,
4 both general and limited; if a limited liability company, the names, addresses, birth dates and
5 social security numbers of all such members. The applicant shall also separately disclose any
6 person or entity directly or indirectly owning or controlling a five percent (5%) or greater interest
7 in such owners of the applicant. If any such persons or entities are institutional investors or
8 institutional lenders owning or controlling a five percent (5%) or greater interest in such owners
9 of the applicant, such institutional investors or institutional lenders shall not be required to
10 provide detailed information other than their respective identities unless otherwise requested by
11 the selection committee.

12 (2) An identification of any business, including, if applicable the state of incorporation or
13 registration, in which an applicant or any other person or entity identified in subdivision (1) above
14 has an equity interest of five percent (5%) or more. If an applicant is a corporation, partnership, or
15 other business entity the applicant shall identify any other corporation, partnership or other
16 business entity in which it has an equity interest of five percent (5%) or more; including, if
17 applicable, the state of incorporation or registration. An applicant can comply with this
18 subdivision by filing a copy of the applicant's registration with the securities exchange board if
19 the registration contains the information required by this subdivision.

20 (3) Whether an applicant or any other person or entity identified in subdivision (1) above
21 has been indicted, charged, arrested, convicted, pleaded guilty or nolo contendere, forfeited bail
22 concerning, or has had expunged any criminal offense under the laws of any jurisdiction, either
23 felony or misdemeanor, not including traffic violations, regardless of whether the offense has
24 been expunged, pardoned, or reversed on appeal or otherwise, including the date, the name and
25 location of the court, arresting agency and prosecuting agency, the case caption, the docket
26 number, the offense, the disposition, and the location and length of incarceration.

27 (4) Whether an applicant or any other person or entity identified in subdivision (1) above
28 has ever applied for or has been granted any license or certificate issued by a licensing authority
29 within this state or any other jurisdiction that has been denied, restricted, suspended, revoked, or
30 not renewed, and a statement describing the facts and circumstances concerning the application,
31 denial, restriction, suspension, revocation, or nonrenewal, including the licensing authority, the
32 date each action was taken, and the reason for each action.

33 (5) Whether an applicant or any other person or entity identified in subdivision (1) above
34 has ever filed or had had filed against in a civil or administrative action or proceeding in

1 bankruptcy or has ever been involved in any formal process to adjust, defer, suspend, or
2 otherwise work out the payment of any debt including the date of filing, the name and location of
3 the court, the case caption, the docket number, and the disposition.

4 (6) Whether an applicant or any other person or entity identified in subdivision (1) above
5 has filed, or been served with, a complaint or other notice filed with any public body, regarding
6 the delinquency in the payment of, or a dispute over the filings concerning the payment of any tax
7 required under federal, state, or local law, including the amount, type of tax, the taxing agency,
8 and time periods involved.

9 (7) A statement listing the names and titles of all Rhode Island public officials or officers
10 of any unit of government, and the spouses, parents, and children of those public officials or
11 officers who, directly or indirectly, own any financial interest in, have any beneficial interest in,
12 are the creditors of or hold any debt instrument issued by, or hold or have any interests in any
13 contractual or service relationship with an applicant. As used in this subsection, the terms “public
14 official” and “officer” do not include a person who would have to be listed solely because of his
15 or her state or federal military service. This subsection shall not apply to public officials or
16 officers, or the spouses, parents and children thereof, whose sole financial interest amounts to less
17 than a one percent (1%) ownership interest in a publicly traded company.

18 (8) Whether an applicant or any other person or entity identified in subdivision (1) above
19 has made, directly or indirectly, any political contribution, or any loans, donations, or other
20 payments to any candidate or officeholder elected in this state or to a committee established under
21 Rhode Island law, within one year from the date of the filing of the application, including the
22 identity of the board member, candidate, or officeholder, the date, the amount, and the method of
23 payment.

24 (9) The name and business telephone number of any attorney, counsel, lobbyist agent, or
25 any other person representing an applicant in matters before the selection committee.

26 (10) Financial information in the manner and form prescribed by the selection committee.

27 (b) The application shall also contain:

28 (1) A fully executed development agreement between the applicant and the municipality
29 contained in the approved referendum and that rendered an affirmative vote in such referendum.

30 (2) A description of the proposed casino gaming operation and related amenities,
31 including, without limitation: (i) The economic benefits to the host community and the state (i.e.
32 the amount of investment in construction and development; square footage of the casino; the
33 number and types of games; the presence of hotels, restaurants and other non-gaming amenities;
34 parking spaces; etc.); and (ii) The one-time casino license fee to be paid by the applicant to the

1 state which shall be in an amount not less than one hundred million dollars (\$100,000,000).

2 (3) A description of the physical location of the proposed casino gaming operation and
3 related amenities, and evidence that the applicant has the real estate site control (i.e. real estate
4 purchase and sale agreements or option agreements) necessary to support such development,
5 sufficient to demonstrate that: (i) Such real estate site is adequate in size to accommodate all
6 facets of the applicant’s proposed casino development project, including necessary infrastructure
7 and parking; (ii) Existing and/or planned utility infrastructure with respect to the site and/or
8 municipality is sufficient to support the applicant’s proposed casino development project.

9 (4) A description of the anticipated or actual number of employees, and related wages
10 and benefits.

11 (5) A description of the marketing and operating experience of the applicant, and a
12 description of how such experience and other assets of the applicant would enable it and the state
13 to secure and maintain a strategic and competitive position within New England’s casino-style
14 gaming industry presently and in the future.

15 (6) A statement regarding compliance with federal and state affirmative action
16 guidelines; and a range of estimates of potential costs and benefits of its proposed development.

17 (c) Information provided on the application shall be used as a basis for a thorough
18 background investigation which the selection committee shall conduct on each applicant. A false
19 or incomplete application may be cause for denial of a license by the selection committee. The
20 selection committee in its sole discretion may provide the applicant a reasonable opportunity to
21 correct any deficiency in the application.

22 (d) Applicants shall consent in writing to being subject to the inspections, searches, and
23 seizures provided for in this chapter and to disclosure to the selection committee and its agents of
24 otherwise confidential records, including tax records held by any federal, state, or local agency, or
25 credit bureau or financial institution, while applying for or holding a license under this chapter.

26 (e) The selection committee may contract for, at the expense of the applicants, any
27 technical or investigative services that it shall require to conduct such research and/or
28 investigation as it deems appropriate with respect to its evaluation of the applications. A
29 nonrefundable application fee of one hundred thousand dollars (\$100,000) shall be paid at the
30 time of filing to defray the costs associated with such research and investigation conducted by the
31 selection committee. If the costs of the research and investigation exceed one hundred thousand
32 dollars (\$100,000), the applicant shall pay the additional amount to the selection committee.

33 **41-9.2-6. Evaluation of proposals—Selection of applicant to receive the casino**
34 **license. – The selection committee shall select the municipality to appear in the referendum**

1 [question by May 15, 2012. The selection shall be granted to the municipality that is the most](#)
2 [qualified, responsive and responsible in the opinion of the selection committee, best maximizes](#)
3 [economic development and revenues to the state and accomplishes and promotes the public](#)
4 [policies set forth in this chapter. The selection committee shall consider, in evaluating](#)
5 [applications, the responsiveness, thoroughness, and appropriateness of an applicant's coverage of](#)
6 [the evaluation criteria set forth in section 41-9.2-11.](#)

7 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 SPORTS, RACING AND ATHLETICS

1 This act would establish, pursuant to voter referendum, a destination-style casino resort
2 within the State of Rhode Island, and would provide a mechanism for a transparent, competitive
3 bidding process.

4 This act would take effect upon passage.

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