

2014 -- H 8169

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LC005585  
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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 08, 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 and 290 of the Public  
6 Laws of 2012 and Chapters 106 and 107 of the Public Laws of 2013 are hereby incorporated by  
7 reference 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 a fourth amendment to the master contract for the following purposes and  
13 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's marketing expenditures exceed four million dollars (\$4,000,000), the division  
17 shall pay UTGR an amount equal to the amount of such excess multiplied by the division  
18 percentage.

19 (ii) Subject to subsection (a)(1)(iii) hereof, 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's aggregate marketing program expenditures exceed fourteen  
28 million dollars (\$14,000,000) in any given marketing year, the division shall pay UTGR an  
29 amount equal to the amount of such excess multiplied by the division percentage; provided  
30 however, if the total aggregate amount of UTGR's marketing program expenditures in any given  
31 marketing year exceeds twenty million dollars (\$20,000,000), the division shall not be required to  
32 make payments with respect to such excess amounts. By the way of example only, if in a  
33 particular marketing year UTGR's marketing program expenditures equal fifteen million dollars  
34 (\$15,000,000), the division shall pay to UTGR the division percentage multiplied by the sum of

1 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 hereunder (e.g., UTGR's first four million dollars (\$4,000,000) in marketing  
4 program expenditures) shall be deemed to qualify as marketing program expenditures; provided,  
5 that they are expenditures of the type and nature typically considered marketing expenditures in  
6 the gaming industry and which serve to motivate individuals to participate in gaming activities.

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

11 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 containing amendments to UTGR's marketing program, regarding its  
3 Twin River facility.

4           This act would take effect upon passage.

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