

2012 -- S 2737

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- VIDEO LOTTERY TERMINAL

Introduced By: Senators Metts, Pichardo, Jabour, Crowley, and Miller

Date Introduced: March 06, 2012

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 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 **z** (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. For the fiscal
4 year ending June 30, 2011, seven hundred eighty-four thousand four hundred fifty-eight dollars
5 (\$784,458) of the total appropriation shall be distributed equally to each qualifying distressed
6 community.

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

13 (iii) One and twenty-two one hundredths of one percent (1.22%) to fund section 44-34.1-
14 1, entitled "Motor Vehicle and Trailer Excise Tax Elimination Act of 1998", to the maximum
15 amount to the nearest two hundred fifty dollar (\$250) increment within the allocation. In no event
16 shall the exemption in any fiscal year be less than the prior fiscal year.

17 (iv) Except for the fiscal year ending June 30, 2008, ten one hundredths of one percent
18 (0.10%) to a maximum of ten million dollars (\$10,000,000) for supplemental distribution to
19 communities not included in paragraph (a)(1)(i) above distributed proportionately on the basis of
20 general revenue sharing distributed for that fiscal year. For the fiscal year ending June 30, 2008
21 distributions by community shall be identical to the distributions made in the fiscal year ending
22 June 30, 2007 and shall be made from general appropriations. For the fiscal year ending June 30,
23 2009, no funding shall be disbursed. For the fiscal year ending June 30, 2010 and thereafter,
24 funding shall be determined by appropriation.

25 (2) To the licensed video lottery retailer:

26 (a) (i) Prior to the effective date of the NGJA Master Contract, Newport Jai Ali twenty-
27 six percent (26%) minus three hundred eighty four thousand nine hundred ninety-six dollars
28 (\$384,996);

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

33 (b) (i) Prior to the effective date of the UTGR Master Contract, to the present licensed
34 video lottery retailer at Lincoln Park which is not a party to the UTGR Master Contract, twenty-

1 eight and eighty-five one hundredths percent (28.85%) minus seven hundred sixty-seven
2 thousand six hundred eighty-seven dollars (\$767,687);

3 (ii) On and after the effective date of the UTGR Master Contract, to the licensed video
4 lottery retailer who is a party to the UTGR Master Contract, all sums due and payable under said
5 Master Contract minus seven hundred sixty-seven thousand six hundred eighty-seven dollars
6 (\$767,687).

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

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

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

19 (C) After approval of the request by the division of lottery, the total number of premium
20 or licensed propriety content video lottery terminals does not exceed ten percent (10%) of the
21 total number of video lottery terminals authorized at the respective licensed video lottery retailer;
22 and

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

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

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

32 (4) To the city of Newport one and one hundredth percent (1.01%) of net terminal
33 income of authorized machines at Newport Grand except that effective November 9, 2009, the
34 allocation shall be one and two tenths percent (1.2%) of net terminal income of authorized

1 machines at Newport Grand for each week the facility operates video lottery games on a twenty-
2 four (24) hour basis for all eligible hours authorized and to the town of Lincoln one and twenty-
3 six hundredths percent (1.26%) of net terminal income of authorized machines at Lincoln Park
4 except that effective November 9, 2009, the allocation shall be one and forty-five hundredths
5 percent (1.45%) of net terminal income of authorized machines at Lincoln Park for each week the
6 facility operates video lottery games on a twenty-four (24) hour basis for all eligible hours
7 authorized;

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

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

19 (7) Payments into the state's general fund specified in subdivisions (a)(1) and (a)(6) shall
20 be made on an estimated monthly basis. Payment shall be made on the tenth day following the
21 close of the month except for the last month when payment shall be on the last business day.

22 (b) Notwithstanding the above, the amounts payable by the Division to UTGR related to
23 the Marketing Program shall be paid on a frequency agreed by the Division, but no less
24 frequently than annually.

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

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

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

34 [\(f\) Notwithstanding any provision in chapter 61.2 of title 42 to the contrary, should any](#)

1 current pari-mutuel licensee as defined in chapter 42-61.2 (“Video Lottery Terminal”) or any
2 newly licensed casino facility as defined in chapter 41.9.1 (“The Rhode Island Gaming Control
3 and Revenue Act”) provide the state new revenues from either new and/or expanded forms of
4 gambling, one hundred percent (100%) of the state’s share from these new and/or expanded
5 forms of gambling shall be deposited into a restricted receipt account to fund elementary and
6 secondary education on a state and local level. Provided, such new revenue shall not reduce
7 current federal and/or state general revenue funding levels for elementary and/or secondary
8 education, nor shall it reduce the amount of the state’s share of permanent foundation education
9 aid as calculated pursuant to chapter 16-7.2 (“The Education Equity and Property Tax Relief
10 Act”), but shall be in addition thereto.

11 SECTION 2. 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 provide that additional state revenues gained from the expansion of
2 gambling would be directed and allocated to support elementary and secondary education in the
3 state.

4 This act would take effect upon passage.

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