

- **Good morning, my name is David Satz. I am Vice President of Government Relations and Development for Harrah's Entertainment which operates over 40 casinos in 12 states and several countries. I am happy to state that just last week, we opened Harrah's Chester, located in the home district of Majority Leader Dominick Pileggi. We thank him for being a booster for our business and economic growth in Chester.**
- **We thank you for the opportunity to appear before the your Committee today.**
- **Let may state at the outset that we appreciate the role that this Committee and the legislature has served in overseeing the Gaming Act and its' implementation. As intended by the Gaming Act and as already evident, our businesses are strong economic engines that can bring significant benefits to the Commonwealth.**
- **We also appreciate the role that the Chairman Decker, Secretary Fajt , the Gaming Board, and its' staff have served in overseeing our opening and guiding the process thus far. The Board and its staff have worked long and hard with our operations folks for a successful opening of the Harrah's Chester Casino and we thank them for this effort.**
- **On the key issue before you today – the costs of the regulatory structure – we submit that the guiding principle should be one of fairness, reasonableness and predictability. From our experience, the structure needs to work for everyone, but it needs to be fair, reasonable and predictable for the “economic engines” of our businesses to continue work for the state.**

- **We have invested a significant amount of capital - \$427 million - in building a state of the art Harness Racetrack and casino facility in Chester. This has created approx. 900 good jobs and it is our hope that this project will stimulate other economic growth with our partner, the City of Chester, and in the Region**
- **We are a business like any other business in the Commonwealth. We pay all taxes that other businesses pay. But, unknown to many, on top of that we pay an additional 59% of our gross revenue in State and local taxes. And, I want to emphasize the fact that these taxes are on the gross revenue; regardless of the profitability of the property or how much we have invested.**
- **I highlight this as this structure already severely limits the profit margin and our return on our investment -- the driver of any business and the telltale of success of any business.**
- **While some may say that is someone else's problem, I would respectfully submit that ultimately, Harrah's Chester, the State, the Gaming Board and others, are all partners in seeing that the these businesses -- and the economic engines they represent -- continue to create the economic benefits of jobs, taxes, investment and property tax relief over the long term.**
- **It is in this vein, that I would submit that we all have an interest in a fair, reasonable and predictable regulatory cost structure; one that does not alter the economics too much in any way that can harm the economic engines. Too much cost – especially unpredictable ones – will take away any incentives to grow and reinvest further and to remain competitive.**

- **We strongly endorse and support a strong regulatory structure that ensures the integrity of gaming in Pennsylvania.**
- **Having said that, there are plenty of regulatory models throughout the United States that can serve as benchmarks for what is fair and reasonable and, at the same time, provide the highest levels of integrity.**
- **The regulatory models range from NJ and Michigan where the cost of regulation as a percentage of gross gaming revenue is approximately 1.2-1.4% of GGR to states like Nevada, Mississippi and Indiana where the cost of regulation as percentage of gross gaming revenue is as low as .24% in Nevada and .37% in Indiana and Mississippi.**
- **I have prepared a summary of the charges per state that has been handed out to each of you.**
- **In the end, it is our sincere hope that the Gaming Board, the legislature and the industry can work this out within these benchmarks in a manner that creates a stable structure that balances integrity standards with reasonableness and fairness.**
- **We are here today to tell you that Harrah's strongly commends the Committee and we would welcome to be a resource and help as this issue is explored by you.**