



Ainsworth Game Technology

5800 Rafael Rivera Way
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RE: Budget and Taxation request for information on Senate Bill 982, Sports Wagering – Wagers on Historical Horse Races – Authorization

To whom it may concern,

Ainsworth Game Technology, Inc. has supplied, operated, and/or connected over 8,000 HHR gaming terminals and associated equipment and therefore can say the following with authority in response to the Budget and Taxation concerns on commercial gaming designations and the potential referendum requirement.

With respect to the hold or rake, our system provides the capabilities to set the “hold or rake” as may be defined in the rules and regulations drafted in a particular jurisdiction. This also applies to any required disclosure to patrons. Our experience has been that the competitive marketplace that exists in HHR aligns with gaming devices in other markets. The “hold or rake” has been set to remain competitive in the market.

With respect to taxes on wagers, thus far we have not experienced any federal excise taxes levied on HHR revenue in other markets in which we have deployed our system or games. Ainsworth has seen a variety of tax rates on revenue derived from HHR terminals. The majority of which are in line with rates seen in other forms of gaming.

With respect to promotional play, Ainsworth has seen the rules and regulation regarding handling of promotional play addressed in the comprehensive regulations drafted prior to HHR terminals going live in a jurisdiction.