

LEGALIZING OPERATOR-BASED VIDEO GAMING TERMINALS IN PENNSYLVANIA

EVERYONE WINS



WORKING TOGETHER TO GROW BUSINESSES, CREATE JOBS AND SUSTAIN REVENUE FOR PENNSYLVANIA WHILE SUPPORTING SMALL BUSINESSES AND THE COMMUNITY

HOW YOU CAN HELP

The legalization of VGTs is inevitable. The real challenge is selecting the right model that will deliver the full potential of this powerful revenue stream. *YOU* are among the few legislators in a position to educate people on the importance of the operator-based model and to advocate for this to be the *ONLY* model capable of making the legalization of VGTs successful in Pennsylvania.

IMMEDIATE ACTIONS YOU CAN TAKE:

EDUCATE

Talk with fellow members and their staff and educate them on the many reasons why the operator-based model is the only acceptable model for legalizing VGTs.

ADVOCATE

Publicly and actively advocate in support of the operator-based model.
Make your voice heard!

SUPPORT

Support Pennsylvania, local business owners and the community to legalize operator-based VGTs.

Pennsylvania, small business owners and the community are relying on **YOU** to help legalize operator-based video gaming terminals in the Commonwealth!

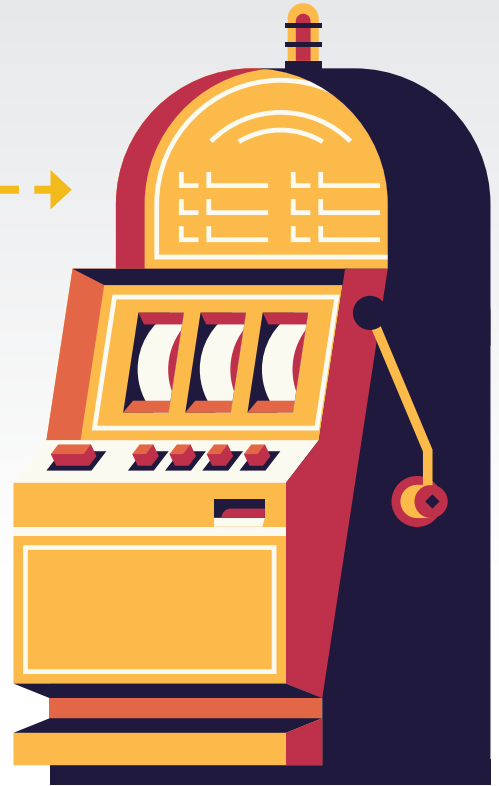
DEFINITIONS

VIDEO GAMING TERMINAL

Video gaming terminals (VGTs) are very similar to a slot machine you would find in a casino. Each VG terminal is a standalone device that can be in locations such as restaurants, bars, Veterans Clubs, Fraternal Clubs or various other locations. It is connected to a centralized computer system that monitors all game play and ensures transparency, accountability and accurate revenue reporting.

PROFESSIONAL OPERATORS

VGT Professional Operators are primarily owners of small businesses, many of which are second and third generation. They are a professional and knowledgeable group committed to customer service who exercise a high degree of integrity in their businesses. This commitment offers a relationship-building aspect that is exclusive to a VGT Professional Operator. They know that if their Location is successful, they will be successful – no matter its size. Simply put, individual Professional Operators care about their location owners, not just the revenue they produce.



THE MODEL

This model is comprised of four partners: the Commonwealth of PA, Professional Operators, Locations and Local Government. The most critical piece of this model is that each partner is incentivized with a “fair share” of the revenue produced by VGTs.

This same operator-based model was successfully implemented in Illinois in 2012. In 2016 VGTs generated over \$1 billion in total revenue without the participation of the city of Chicago. Our model anticipates that all of PA will participate and should generate over \$1.1 billion in total revenue which would then mean as much as \$400 million to the Commonwealth, once fully implemented.

The Illinois model also resulted in VGT placement in more than 60% of potential locations. Non-operator based models implemented in other states have been substantially less successful, with fewer participating locations and far less revenue.



BENEFITS FOR ALL PARTNERS

WHEN WE WORK TOGETHER, EVERYONE WINS

In the operator-based model, each partner is incentivized with real and significant benefits that will create jobs and sustained revenue for the entire Commonwealth.

PENNSYLVANIA & LOCAL GOVERNMENT

- Once fully implemented, VGTs are expected to generate \$400 million in annual revenue for the Commonwealth.
- Our proposal is similar to Illinois's operator-based model which resulted in \$56 million for local government.
- There will be strict oversight from the Gaming Control Board and dedicated funding to help problem gaming.
- It will put an end to the thousands of *illegal* VGTs that currently exist throughout PA.
- It will bring complete transparency and accountability to the industry.

LOCATIONS

- Locations will add substantial revenue to help grow their business.
- The additional income will help locations improve their facilities and attract more patrons.
- Veterans Clubs, Fraternal Clubs, bars and restaurants, struggling to stay open, will have a new opportunity to stay in business and remain vibrant partners with local charities.

PROFESSIONAL OPERATORS

- Professional Operators, most of whom are family-owned businesses, will easily grow and add positions.
- They will create high-quality, good paying jobs for people to install and service VGTs.
- They are consultants, innovators, investors, problem solvers and entertainment advisors to all of their locations no matter their size.
- VGTs will create a solid business model that is stable, profitable and valuable so that it can be passed down to future generations.

WHY OPERATOR-BASED

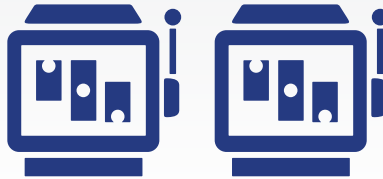
Other states, like Illinois, have provided us with real life case studies that prove the legalization of video gaming terminals only works when all partners receive a “fair share” and when the model is operator-based.

HERE'S WHY:



RELATIONSHIPS

Professional Operators have built longstanding relationships with location owners. This trust and loyalty places them at a huge advantage for placing VGTs in more locations.



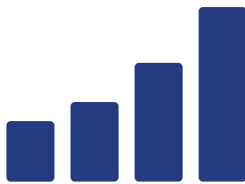
COMMITMENT

Professional Operators are highly motivated and committed to placing VGTs in every possible location. It is their sole business and it's what they specialize in doing.



CHOICES

The operator-based model provides for greater choices and expanding locations. This competition results in better service and better products.



PROVEN MODEL

In the Illinois model, more than 60% of locations have a VGT. Compare this to the Oregon “Sole Source” model which resulted in less than 35% participation.



HIGHER REVENUE

VGT placement in more locations means more revenue for everyone and this model has proven to produce the highest level of involvement by both Professional Operators and locations.



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