

August 8, 2013

Office of the Executive Secretary

Nevada Gaming Commission

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Re: Comments on Issues Relating To the Offering of Rebates on Pari-Mutuel Wagers

To Whom it May Concern:

This letter is to express MGM Resorts International, parent company of ARIA, Bellagio, Circus-Circus-Las Vegas, Circus-Circus-Reno, Excalibur, Luxor, Mandalay Bay, MGM, The Mirage, Monte Carlo, New York -New York, and Silver Legacy, opinion on the feasibility of offering rebates on pari-mutuel wagers accepted by race books operated in Nevada.

We are of the opinion that any form of rebating of pari-mutuel wagers, whether it is not accepting payment for the full face value of the wager, bonus/increase the payout of a winning pari-mutuel wager, rebating a percentage of patrons pari-mutuel wagers, or any other structuring of wagers that gives the player a cash reimbursement for their pari-mutuel wagering is not in the best interest of the race book industry in Nevada for numerous reasons.

Our current rate fee structure with the various race tracks around the country/world has been a long and ongoing process of trying to keep the rates as low as possible for the operators in the state in hopes of keeping pari-mutuel racing a viable product in Nevada. A move towards rebating will be seen as a direct threat to the race tracks as most tracks have an interest in an account deposit wagering (ADW) rebating businesses. It is a natural assumption that we would be viewed as a direct competitor for their players and our rates would increase for a product the tracks control and we must have to operate.

The current tax structure, overhead, cost of regulatory requirements, and numerous other fees and expenses required by a brick and mortar operation places us at a competitive disadvantage in the razor thin margin business that is pari-mutuel wagering around the globe. The margin for profitability is the thinnest for those engaged in the rebate business. Most operators offering pari-mutuel rebates operate on a 1%-2% margin giving the players the highest payback possible. Under our current conditions the operators in Nevada have costs that would prohibit us from being competitive in that market and would leave Nevada operators with higher track fees and other expenses and very little , if any, incremental revenue to offset those expenses . As a result the Nevada race book industry would be far worse off for having ventured into this ultra competitive environment with the playing field stacked against us.

I don't think anyone disputes that horse racing handle in Nevada is declining at an alarming rate, however the state of the industry on the national level is experiencing the same fate, slightly less but nonetheless on the decline. Currently, Nevada's race books are benefitting from a favorable rate structure that the Nevada Pari-Mutuel Association and the rate committee work hard in negotiations to keep in place for the common good of all in the race book industry in Nevada. I believe that if our current business model is changed to allow for rebating it will facilitate the rapid increase in track rate fees and other fees incurred resulting in the decline in the profitability of pari-mutuel horse racing in Nevada. As with any area of business faced with an operating deficit decisions will have to be made as to whether to continue or close the failing component of the business. At MGM Resorts International we have discussed contraction of some of our race books if the operational environment ever became fundamentally unprofitable. Permitting rebates will hasten the day of unprofitable operations.

For your consideration.

Sincerely

A handwritten signature in black ink that reads "Jason D. Rood". The signature is written in a cursive, flowing style with a large initial "J" and "R".

Jason D. Rood

MGM Resorts International

Vice President of Race and Sports Operations