NEW YORK STATE SENATOR

Eric Adams

Committee Meeting: Racing Gaming, Wagering: 3-10-09

ERIC ADAMS

COMMITTEE: RACING, GAMING AND WAGERING

Meeting of the Senate Committee on Racing, Gaming and Wagering

New York State Senator Eric Adams, Chair of the New York State Senate Standing Committee on Racing, Gaming and Wagering, convened a meeting of the Committee on Tuesday, March 10, 2009. The Committee considered three bills and hosted two speakers. The three bills discussed by the members of the committee are as follows:

S.646 by Senator Bill Larkin: This bill would increase the maximum fine imposed by the State Racing and Wagering Board from $5,000 to $20,000 for those found to be in violation of the rules and statutes governing racing in New York State. The revenue generated from these fines would go into to the New York State General Fund.

S.2718 by Senator Eric Adams: This bill would amend existing law to permit racing and simulcasting (OTB betting) on Palm Sunday. Currently, racing and simulcasting are sanctioned every day of the year except Easter, Christmas, and Palm Sunday. Allowing racing on Palm Sunday is expected to generate over $250,000 in revenue for the state.

S.2719 by Senator Eric Adams: This bill would amend existing law to permit corporate officers, directors, and executives of racing companies (i.e. harness track owners) to race horses they themselves own. Currently, they are barred from entering their own horses at their own tracks. Because a large number of track owners are also horse owners, permitting them to race their horses at their own tracks would create larger, more competitive fields. This bill was held at the request of the Chair.

The committee hosted two speakers, David Lewis of Stone Street Capital and Eshel Bar-Adon of Seneca One. These individuals are employed as General Counsel for their respective asset management firms. Such firms take over and hold annuity payments, such as lottery winnings, and give the lottery winner an immediate lump sum payment. They came to discuss, and oppose, a proposal by the Governor to have the New York State Lottery invest prize fund monies in equities and assets, instead of the traditional treasury bills. The underlying rationale for the Governor's proposal asserts that a higher yield from investments, such as 8% versus the 3.5% earned by treasuries, would require a smaller initial annuity investment by the Division of Lottery, leaving a greater remainder portion of money to fulfill the mission of lottery to fund education. Although alternative investments have had a successful history when applied to pension systems, current market volatility and lack of a foreseeable market bottom make the Chair cautious about market investment return. The volatile economic climate and instability in equity markets prompt the Chair to opt for the safety and predictable annual yield of treasuries.