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**NYS Senate Committee on Racing, Gaming and Wagering
Hearing to Consider the Potential for Sports Betting in New York State
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Comments by Catskill OTB President, Donald J. Groth

Catskill OTB is in financial peril. Since 1970, OTBs have been proud partners in the racing industry supporting horsemen, breeding farms and racetracks. However, over the years such excessive distribution of OTB revenue has become unsustainable. Some OTBs are surviving only with VLT revenue. Without VLT authorization, Catskill OTB continues a struggle to keep its long time and loyal employees in their jobs. The potential for legalized sports betting on the horizon brings hope that Catskill OTB can survive and continue to provide employment opportunities and revenue for State and local governments.

New York strictly regulates casino gaming and horse racing to ensure these industries operate with honesty, integrity, and credibility for the benefit of all New Yorkers. However, another industry operates in New York without any oversight whatsoever. That industry is sports betting. It operates illegally in New York and all across America, but that could be changing soon.

Should the U.S. Supreme Court rule that the federal law which effectively bans sports betting in all but four states is unconstitutional, it clears the way for New York to move forward in this lucrative industry. Billions of dollars have been wagered legally and cheerfully in Las Vegas on sports betting. The American Gaming Association estimates \$150 billion per year is wagered illegally on sports; other sources say that number is closer to \$300 billion and as much as \$380 billion.

Legalization of sports betting to be operated by OTB in New York would ensure oversight and regulation to protect New Yorkers and make sports contests less susceptible to corruption. It would also allow the State to derive millions of dollars in revenue, providing taxpayers with much needed relief.

New York State has a robust, responsible personal gaming monitoring program already in place at all New York gaming facilities and has already laid the ground work for legalized sports betting within the State's commercial casinos. To maximize potential, the legislature should consider a plan which requires the casinos to work in conjunction with the state's off-track betting corporations (OTBs) for best successes to be had.

The OTBs are statutorily provided public benefit corporations that are already licensed and regulated for gaming in New York. They have "bricks & mortar" locations as well as online wagering already in place. Catskill OTB's on line wagering platform could easily accommodate an added sports platform option for existing customers using the same "e-wallet."

Both State and local governments are recipients of OTB revenues, and both could benefit from OTB's operation of sports betting. This new and exciting product would save hundreds of OTB jobs which have been jeopardized in recent years and would provide ancillary benefits for communities, landlords, and restaurant partners that depend on OTB leases and other contractual agreements.

An estimated 28 states may legalize sports betting if the Supreme Court rules PAPSA unconstitutional, and 14 states are expected to legalize sports wagering by 2022. To keep New York bettors betting in state, New York needs to act now and not allow other states to gather up New York customers. Let's not make the same mistake with sports betting that we made with horse racing wagering which now has over \$300 million wagered by New York residents on "licensed" out of state platforms.

The addition of legalized sports wagering at OTBs is an obvious next generation of product for OTB and would result in a win-win for both New York State and the OTBs.