



**TESTIMONY FROM NYS HARNESS HORSEMEN
REGARDING SPORTS BETTING IN NYS**

Submitted to the NYS Senate Committee on Racing & Wagering
January 24, 2018

The Standardbred Owners Association of New York (SOA), representing harness horsemen, owners, trainers and other industry stakeholders across our state, has consistently opposed efforts to allow sports betting in the state, as it will create additional competition for VGMs, thus having a negative impact on racing and agriculture in New York.

Now, as the state examines sports betting or other competing gaming items such as internet poker – especially if these gaming expansions are permitted at racetrack venues currently conducting VGM operations or at full scale casinos – it is absolutely critical to the well-being of the racing/agriculture industries to concurrently address two additional initiatives:

1. Amending New York’s casino gaming enabling legislation to remove the 2013 purse level “floor” in advance of the potential awarding of full casino licenses to Yonkers and Aqueduct, thereby creating a defined revenue stream from those casinos and off-site casinos to ensure continued growth rather than a downward spiral of an industry supporting 30,000 New York State jobs, and;
2. Create a state-of-the-art thoroughbred AND harness racing facility at Belmont Park Racetrack, generating a synergy that allows both forms of racing to grow and thrive together in a world class facility.

**SPORTS BETTING WOULD COMPETE WITH THE VGMs THAT SUPPORT PURSES,
RACING AND AGRICULTURE**

Wagering at New York State’s video lottery facilities generates significant economic benefits for New York’s racing and agriculture industries, along with major funding for education across the state. Our state’s racing and agriculture industries have experienced an unprecedented renaissance as a result of the state’s thoughtful VGM initiative, and are now responsible for more than 30,000 jobs and billions of dollars each year in economic activity in virtually every corner of New York.

The wellbeing of New York’s racing and agriculture industries is directly linked to the revenue generated at the state’s VGM facilities through legally mandated purse contributions. Accordingly, the SOA of NY is opposed to sports betting in New York, as it presents increased competition for limited wagering dollars. Greater gaming competition leads to reduced VGM revenue and, therefore, smaller racing purses, less agricultural activity and lost jobs across the state. Once again, the proven, multi-billion dollar benefits from New York State’s thoughtful VGM initiative – from racing and agriculture to education and localities – are simply far too great to risk.

CASINO AUTHORIZING LEGISLATION NEEDS TO BE AMENDED IN ADVANCE OF POTENTIAL NEW DOWNSTATE LICENSES

Along with the threats posed by new gaming outlets such as sports betting or internet poker, the racing/agriculture industries are also significantly challenged by language included in the state's casino enabling legislation in 2013. While that legislation included a "hold harmless" provision to maintain payments for agriculture and breeding at 2013 purse levels at racinos that become casinos, it was written not only as a "floor" but also as a "ceiling" – essentially a hard cap on purse payments at that 2013 level that didn't account for any future, additional growth in racing and agriculture.

Therefore, should Empire City (Yonkers) and/or Resorts World (Aqueduct) be awarded a full casino license, the unfathomable result of this problematic language would mandate the reversion of purse allocations to 2013 levels at these tracks, rather than reflect the significant growth we have seen in the industry since 2013. This will result in literally tens of millions of dollars in lost purse payments/revenue to racing and agriculture immediately and will cause major job losses and negative economic impacts. The expected impact on this revenue stream to farms and racing is estimated at between 20 to 30 percent – quite a significant number. In sum, the resultant would be wholly antithetical to the legislature's carefully crafted and resoundingly successful VGM program.

The SOA proposes that the enabling legislation be amended to allow for the industry to grow along with a full-blown casino at either of these locations (casinos, it is important to note, that were originally only made possible because of the existence of job-creating horse racing at those facilities). Other competing racing states have recognized that racing and breeding should grow concurrently with casino gaming – in fact, several states provide racing support from non-racetrack based, stand-alone casinos – and so New York's racing and agriculture industries will be threatened if we don't modify the formula to provide similar growth opportunities in New York.

SUPPORT FOR THE "BIG IDEA" AT BELMONT WOULD HELP RACING THRIVE

Finally, in terms of supporting harness racing in New York, it is well known that the SOA of NY has consistently sought innovative, thoughtful ways to grow the sport (and concomitant economic benefits to agriculture and other industries). One of the most compelling ideas that the horsemen have begun to discuss with stakeholders is the potential for transforming the state-owned Belmont Race Track into one of the highest quality, most comprehensive racing facilities in the world by creating a dual breed racing venue. In addition to its anticipated utilization as a major team sports venue (NHL's New York Islanders), the facility would share in a cooperative manner both Thoroughbred and Standardbred (harness) racing during daytime and evening hours. This extension of post times beyond daylight hours would serve to enhance the signal export of New York's product through the European community and other parts of the world; again, something that has been successfully innovated by Yonkers' management and horsemen over the course of the last several years. It is indeed time to work towards the growth of all New York racing and share our strengths and resources for the betterment of the superior products we create.

The "Big Idea," as the horsemen have been calling it, would shift all of the racing – both harness and thoroughbred – from Yonkers and Aqueduct over to Belmont (in anticipation of the operators of Empire City and Resorts World seeking full casino licenses in the next round), with the grandstand and ancillary facilities rebuilt and a new harness track installed inside the existing thoroughbred ovals. Such a configuration would allow both types of racing to coexist and thrive at Belmont and position New York as having one of the most attractive racing venues in all of the country.

Based on the potential configuration of the racing facilities and the layout for the new Islanders' stadium project, it is our fervent belief such a redeveloped Belmont Race Track could absolutely succeed alongside a new stadium. In fact, this redevelopment would further reinforce the notion of this "new" Belmont Race Track as a sports' mecca – not to mention the potential for a full-time train station to serve racing fans year round.

That said, should Belmont Race Track solely seek to provide nighttime thoroughbred racing without a concurrent, comprehensive harness racing initiative at Belmont that builds/grows both products, the negative impacts on harness racing will be significant. (One need only look at the dollar amounts historically paid yearly by the six OTB corporations - now five - in holding harmless the New York State harness tracks from the loss in revenue sustained by the tracks and their horsemen when OTB received permission to take out of state thoroughbred races years ago. Simply put, the idea was ill-advised when conceived and proved disastrous for all concerned when implemented.)

CONTACT

Should you have any questions about the SOA's positions or proposals, please call Joe Faraldo at 718-544-6800 or our lobbyist, Joni Yoswein, at 212-233-5700. We thank you in advance for your help in maintaining the economic vitality of a racing industry that is critical to the future of New York.