

1 JOINT HEARING BEFORE THE NEW YORK STATE
2 SENATE STANDING COMMITTEE ON RACING, GAMING &
3 WAGERING; AND
4 SENATE STANDING COMMITTEE ON JUDICIARY

4 JOINT PUBLIC HEARING:

5 TO DISCUSS THE POTENTIAL OF A
6 CONSTITUTIONAL AMENDMENT RELATING TO
7 CASINO GAMING IN NEW YORK STATE

8 Van Buren Hearing Room B, 2nd Floor
9 Legislative Office Building
Albany, New York 10007

10 September 7, 2011
11 10:00 a.m. to 1:00 p.m.

12 PRESIDING:

13 Senator John J. Bonacic

14 Chairman
15 NYS Senate Standing Committee on
Racing, Gaming & Wagering

16 Chairman
17 NYS Senate Standing Committee on Judiciary

18
19 PRESENT:

20 Senator Joseph A. Griffo

21 Senator Roy J. McDonald
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	SPEAKERS:	PAGE	QUESTIONS
1			
2	Randy King Chairman	6	18
3	Shinnecock Indian Nation Board of Trustees		
4			
5	Kim Vele President	27	37
6	Stockbridge-Munsee Community		
7	James Featherstonhaugh President	42	
8	NYS Gaming Association		
9	Michael Wilton Executive Director	42	
10	NYS Gaming Association		
11	Timothy Rooney Casino President	42	
12	Yonkers Raceway		
13	Christian Goode Chief Financial Officer	42	
14	Resorts World of New York		
15	Jonathan Rouis Chairman	96	
16	Sullivan County Legislature		
17	Allan Scott President	96	
18	Sullivan County Partnership for Economic Development		
19	Roberta Byron-Lockwood President & Chief Executive Officer	96	
20	Sullivan Country Visitors Association		
21	Joseph D'Amato Chief Executive Officer	115	131
22	Empire Resorts		
23	Charles Degliomini Executive VP of Governor Relations	115	131
24	Empire Resorts		
25			

	SPEAKERS, CONTINUED:	PAGE	QUESTIONS
1			
2	Timothy Lies Project Manager	115	131
3	Entertainment Properties Trust - East		
4	Josh Gold Director, Political & Strategic Affairs	141	147
5	NY Hotel & Motel Trades Council		
6	Joseph Faraldo President	148	154
7	Standardbred Owners Association of NY		

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1 SENATOR BONACIC: Can I ask everyone to be
2 seated. We'd like to get started.

3 It's is now September 7th. It's 10:05.

4 And what we're going to begin, is a Senate
5 public hearing with, the Judiciary, and the Racing &
6 Wagering Committee.

7 This is the second of three hearings.

8 Yesterday was at Ontario County. Today we're
9 here. And, Friday, we are in Mineola, in Nassau.

10 I see our good friend Senator McDonald coming
11 down.

12 Roy, good morning.

13 SENATOR McDONALD: Good morning.

14 SENATOR BONACIC: And let me just make a
15 couple preliminary remarks, if I may.

16 The purpose of this hearing is twofold:

17 One, is to review, and see if we can bring
18 improvements and efficiencies within the racing
19 industry.

20 The second purpose of the hearing is to
21 entertain moving forward with a constitutional
22 amendment for casino gaming statewide.

23 We want to solicit testimony to see if
24 there's an interest. And if there is an interest,
25 where in the state should it be authorized.

1 So, that's the purpose of today's public
2 hearing.

3 We will take written testimony up to this
4 coming Monday, September 12th.

5 I'm joined by Senator Griffo and
6 Senator McDonald.

7 Senator Griffo, do you have any preliminary
8 remarks you would like to make?

9 SENATOR GRIFFO: Thank you, Chairman.

10 I want to thank you for holding the hearings
11 across the state.

12 As we discussed yesterday, I think this is a
13 very timely subject, and it's very important, when
14 you look at many of the challenges that we're facing
15 as a state, and we look at some of the issues that
16 are facing racing, and the question of whether or
17 not we should be involved in gaming relative to what
18 already exists in some of the Native American
19 facilities; talking about improving, and looking at
20 a more effective and efficient way of conducting all
21 of the operations associated with gaming and racing.

22 So I think it's a very -- I'm concerned, and
23 we discussed saturation. There are a number of
24 ideas and proposals out there, so I think it's
25 important to gather input, to be attentive to some

1 of the various groups that are speaking today.

2 So, again, I applaud the Chair for his
3 earnest and aggressive desire to try to move across
4 the state to gather input, and to solicit ideas.

5 And I look forward to listening you to today.

6 SENATOR BONACIC: Senator McDonald.

7 SENATOR McDONALD: I just want to thank you
8 for having this opportunity to talk about this
9 topic, across the state. A very important topic to
10 myself, obviously, with the Saratoga Thoroughbred
11 Track, as well as the Saratoga racino and casino in
12 my district.

13 And I see a lot of familiar faces out there,
14 and I'm glad they're here.

15 Thank you, sir.

16 SENATOR BONACIC: Thank you,
17 Senator McDonald.

18 We're going to start off with our first
19 speaker, Randy King, who's the trustee chairman of
20 the Shinnecock Indian Nation.

21 Randy, good morning.

22 I hope you didn't have a rough trip with this
23 terrible weather out there, coming from the Island
24 this morning.

25 RANDY KING: Yeah, well, what I would like to

1 do is just say a word of concern to those that have
2 experienced some of the recent flooding with the
3 weather out on Eastern Long Island.

4 We dodged, seemed to be a little bit of a
5 bullet there. And -- but I know your region really
6 received a lot of rain, and it's currently raining
7 now.

8 So, issues like that, where
9 self-preservation, your property, things like that,
10 your livelihood, are of, you know, more importance,
11 sometimes, than some of the issues that we do
12 debate.

13 So, thank you.

14 SENATOR BONACIC: Thank you for those words.

15 And a couple other senators were scheduled to
16 appear, but I know they're touring with the Governor
17 in Upstate, looking at the devastated areas from
18 Hurricane Irene.

19 And this weather is only compounding the
20 flooding. It's insult to injury after
21 Hurricane Irene.

22 But, Randy, you go forward.

23 Thank you.

24 RANDY KING: Thank you.

25 Good afternoon -- good morning, Senators.

1 My name is Randy King, and I am the chairman
2 of the Shinnecock Indian Nation Board of Trustees.

3 The Shinnecock Nation is a federally
4 recognized Indian nation located on the eastern end
5 of Long Island, next to the town of South Hampton.

6 Our nation has operated as a self-governing
7 nation since time in memorial, long before New York
8 State or the United States even existed.

9 Despite the fact that the nation had
10 previously been included, and listed under the
11 jurisdiction of the United States by the
12 Commissioner of Indian Affairs, our nation was not
13 included on the list of federally recognized Indian
14 tribes, formally published in 1978.

15 The nation sought assistance from the
16 United States in 1978 in regard to its land claim.
17 However, rather than assist the nation, the
18 United States accepted this request as a petition
19 for acknowledgment under the then-recently adopted
20 regulations.

21 In order to ensure equal footing with other
22 Indian nations within the United States, the nation
23 pursued this petition for federal acknowledgment,
24 and was considered Petitioner Number 4.

25 The petition for federal acknowledgment that

1 affirmed our recognition as an Indian nation was
2 finally granted on October 1, 2010, after submitting
3 thousands of pages of documented history, and a
4 32-year struggle with the Bureau of Indian Affairs.

5 The nation is finally included on the list of
6 federally recognized tribes.

7 Since the beginning, the lives of the
8 Shinnecock people have revolved around the land and
9 the sea. Our hunting and trading grounds ran from
10 Montauk to Manhattan, and our whalers challenged the
11 Mighty Atlantic from their dugout canoes long before
12 the whaling industry flourished in the
13 nineteenth century.

14 Traditionally, decisions concerning the
15 welfare of the tribe were made by consensus of adult
16 male members. The trustee system of tribal
17 government currently utilized was imposed on the
18 Shinnecock by the New York State Legislature in
19 February of 1792. This system, which provides that
20 three tribal members serve a one-year term as
21 trustee, has never replaced the consensus process
22 which still remains the primary governing process of
23 the Shinnecock Nation.

24 However, the trustees continue to play an
25 important role as the nation's leaders for

1 government-to-government relations. It is in that
2 capacity, as chairman of the board of trustees, that
3 I'm here today to represent the people of the
4 Shinnecock Nation.

5 Today we number over 1,400 tribal members,
6 roughly half of whom reside on the reservation. Our
7 reservation land is part of our original ancestral
8 lands, which has never been seated and is still
9 occupied by our people.

10 A significant portion of the remaining
11 members of our nation live within two hours' drive
12 of the reservation within our ancestral territory in
13 the Greater New York Metropolitan area.

14 As most of our ancestral lands were taken or
15 sold, and that which does remain is held by the
16 nation itself, we are without a tax base to fund
17 essential governmental services.

18 Despite that fact, we have managed to build
19 and maintain a strong community with our limited
20 resources.

21 In addition to the Shinnecock Presbyterian
22 Church, our infrastructure includes a tribal
23 community center, a health and dental building, a
24 family preservation building that houses our
25 seniors, Indian education, and cultural enrichment

1 programs, a museum, and playgrounds for our
2 children.

3 Because we lack a tax base, we have
4 historically been reliant on our annual powwow,
5 which was hopefully successful this year, and
6 limited State-grant funds to bring in much-needed
7 governmental revenues.

8 SENATOR BONACIC: Mr. King?

9 RANDY KING: Yes?

10 SENATOR BONACIC: Let me have you catch your
11 breath a minute.

12 I just, will be talking to you, and I'll be
13 talking to the potential speakers, and I apologize
14 for the quick interruption.

15 We all can read up here. And it would be
16 helpful to us if you could summarize your thoughts,
17 because I see you have 11 pages that you're going
18 through.

19 RANDY KING: Uh-huh.

20 SENATOR BONACIC: And I would ask you to try
21 to be selective.

22 RANDY KING: Okay.

23 SENATOR BONACIC: We'll stay and listen to
24 all 11 pages if that's the way you want to do it.
25 But, I -- I look forward to the interaction of

1 asking questions back-and-forth. And we have a
2 fairly lengthy agenda. And these other Senators
3 have commitments, that we have to be out of here by
4 a certain time.

5 So, I only say that, not only to you, but to
6 everyone that is coming after you.

7 Okay?

8 And, again, I apologize for the interruption.

9 You please continue.

10 RANDY KING: Okay.

11 So, then, I'll go into IGRA and tribal
12 gaming, and maybe you'll have some questions on
13 that.

14 And you've seen our history, and you'll read
15 it, and --

16 So, Indian tribes have always had the right,
17 as sovereign governments, to engage in governmental
18 activities, including gaming.

19 The purpose of tribal gaming is to provide
20 for a mechanism to create tribal government revenues
21 that can be used for specific purposes to promote
22 the well-being of tribal communities.

23 Congress has declared an affirmative policy
24 in support of Indian gaming, by asserting one of the
25 primary purposes for adoption of IGRA is to provide

1 a statutory basis for the operation of gaming by
2 Indian tribes as a means of promoting tribal
3 economic development, self-sufficiency, and strong
4 tribal governments.

5 Now, you asked me to, kind of like, give you
6 a little bit of interaction.

7 We had Hurricane Irene pass by. And,
8 traditionally, and responsibly, the State has always
9 maintained our roads, such as brush cutting, filling
10 potholes; things like that.

11 One of our roads was blocked in by fallen
12 trees. And we had, you know, put the call out to
13 the Town, and to the State, that, in case we're
14 blocked in, we're going to need some heavy machinery
15 to clear the roads.

16 Well, the State, because of their budget
17 issues, and because, I guess, of the priority of the
18 highway systems and their priority areas that they
19 got to, you know, go to first, our tribe members
20 were out there on top of tractors, very close to
21 electrical lines, with chain saws, trying to cut our
22 way out.

23 Now, that's one of the focuses of Indian
24 gaming, is to provide for revenue so the tribe can
25 take care of itself.

1 I personally have been calling for the State
2 to be able to come in, take their brush cutter, and
3 clear the sides of the roads, because the school bus
4 still goes down our roads. And, for safe passage,
5 we've got to maintain the sides of the roads.

6 But, due to your budgetary issues, where, our
7 roads are not being maintained.

8 So, we would like to be able to provide for
9 ourselves and not rely on the State, and to create a
10 better community for all, with the revenues that
11 tribal gaming is supposed to create, so that, I, as
12 a trustee, can maintain for the self-preservation
13 and safe passage of our people.

14 And that's just one area.

15 So, IGRA did not create tribal casinos.
16 Large-scale tribal gaming existed, roughly,
17 ten years prior to the passage of the statute.

18 During that time, the regulatory landscape
19 was a gray area, with states and tribes giving and
20 taking at every turn, where courts, not the
21 self-interest of the respective tribal and state
22 governments, often dictated the terms of the
23 tribal-state relationship.

24 During this time, neither the states nor the
25 tribes particularly desired the federal government's

1 involvement in tribal gaming. It was only after the
2 United States Supreme Court decision in
3 "California versus Cabazan Band of Mission Indians,"
4 affirming the tribal sovereign right to casino
5 gaming, that the states pushed for federal
6 intervention through the passage of IGRA.

7 So, I'm going to skip all this other stuff
8 here, regarding, you know, the compacting process,
9 and other studies on other areas' casinos, and get
10 to the future of gaming in New York.

11 The state of New York is the largest
12 potential gaming market in the world.

13 With Native American casinos, whether in the
14 Catskills or other locations in the New York City,
15 Long Island, area, New York can realize significant
16 new revenues and tens of thousands of new jobs in
17 the near-term future.

18 Nation-state compacts offer authorizing
19 Class III gaming operations, run by Indian nations,
20 appear to be the most advantageous path for
21 immediate benefits of gaming revenue, for both the
22 Shinnecock Nation and New York State.

23 This is because tribal gaming would not
24 require a constitutional amendment, which would
25 entail a lengthy two-year-plus process, with no

1 guarantees for success of the amendment at the end
2 of the process.

3 The approval process can begin immediately
4 for development of a Native American casino in the
5 region; whereas, the steps towards commercial gaming
6 in the area would realistically be several years out
7 from adoption of any proposed constitutional
8 amendment.

9 The history of Aqueduct provides an example
10 of the logistical hurdles the state will face if it
11 pursues a legalizing commercial gaming in New York.
12 The State legislation authorizing VLTs was adopted
13 in 2001; however, ten years later, the VLT proposal
14 for Aqueduct is not yet operating. It is scheduled
15 to open later this year, almost 11 years after State
16 legislation, authorizing the expansion of VLTs at
17 Aqueduct.

18 This legislation was markedly less
19 complicated to pass than what is needed for a
20 constitutional amendment that would allow commercial
21 gaming in New York.

22 The VLT legislation did not need passage in
23 two consecutive sessions of the Legislature, nor did
24 it require a constitutional amendment, and it will
25 still be more than a decade before any facility will

1 open.

2 New York has not even begun the process for
3 passage of a constitutional amendment authorizing
4 gaming, which requires two consecutive votes of the
5 Legislature before it can be even placed on the
6 ballot.

7 The process of allocating licenses, setting
8 up regulation, and developing major casinos can take
9 many year. In fact, the RFP process alone could
10 take many years.

11 Aqueduct is a recent example as to the
12 extensive time it takes to finalize approvals to
13 move forward with gaming, even after such gaming may
14 be authorized under state law.

15 On the other hand, Native American casinos
16 will be producing jobs and revenues to the state
17 almost immediately.

18 Furthermore, by focusing gaming on local
19 Native American tribes, the State would assure that
20 a majority of the net profits would stay local, and
21 trickle back through to the public and private
22 sectors in New York, as opposed to being repatriated
23 by a non-New York entity.

24 I could stop here if you want to ask
25 questions.

1 SENATOR BONACIC: Do you want questions?

2 Are you finished with what you want to say,
3 and are you ready for questions?

4 RANDY KING: I could go on, but, you tell me.

5 SENATOR BONACIC: No --

6 RANDY KING: You're the Chair.

7 SENATOR BONACIC: -- but, if you're
8 comfortable, I'd just as soon ask you some
9 questions.

10 RANDY KING: Go ahead, yes.

11 SENATOR BONACIC: Yeah. Thank you.

12 My first question is: Does the community and
13 the local governments around your nation, support
14 the location of a casino on your reservation?

15 RANDY KING: Well, if you know the history of
16 our tribe, we were going through a time, where there
17 were many applications for development in our local
18 community. And some of them were in our 4,400-acre
19 land-claim area; our ancestral area.

20 And every time these, you know, parcels for
21 development come through the channels of the Town,
22 Shinnecock members would go speak at the various
23 forums, you know, with the Town Board. And, we kind
24 of felt like we were, you know, not being heard.

25 So, a previous board of trustees to mine,

1 cleared land in our West Woods, Hampton Bays area,
2 reservation, and, we were sued by the State, to
3 stop. And it was for a gaming facility, because, at
4 that time, we felt that we were able, the legal
5 process, afforded us the right to engage in gaming.

6 We went through the lawsuit, and we came to
7 the point where we are now federally recognized.

8 Now, we've had good -- we have good relations
9 with our local political leaders. And we told them,
10 at this point, we would like to engage in
11 discussion, where we could conduct gaming off of our
12 tribal property in Eastern Long Island, and engage
13 in an area where it would be more conducive to the
14 outside community, where the infrastructure is in
15 place to handle it where the revenues could be
16 greater so that the States's revenue could possibly
17 be greater and the tribes revenue could be greater,
18 and that the market could handle it.

19 So, we do have a land area in
20 Eastern Long Island, and we have great relations
21 with our local community. And, from the federal
22 level to the state level to the local level, you can
23 ask anyone: Shinnecock nation has got good
24 relations.

25 SENATOR BONACIC: Okay. You've indicated

1 that -- I think I read in your testimony, that
2 elections are every year for a trustee?

3 RANDY KING: Every year.

4 SENATOR BONACIC: Does that present a problem
5 with consistency of policy and leadership as you go
6 forward?

7 You may have an idea on how to proceed. And,
8 as you enter into negotiations, tribal politics,
9 Native American politics, change, "inside baseball,"
10 and then there's someone else that's there.

11 RANDY KING: Uh-huh.

12 SENATOR BONACIC: Do you view that as a
13 problem, or are you confident that there is a
14 consistency with the people that are behind you, who
15 will accede to leadership in the immediate future,
16 will carry on the goals that you're trying to
17 achieve?

18 RANDY KING: That's a good question.

19 Usually, I defer to the elders in our tribe,
20 you know, when we come to questions like that.

21 And I look back on past practice and past
22 history, and you have some trustees that have served
23 for 16-plus terms, which is 16 years; 30-some-odd
24 years.

25 And, the old-timers say: If you're doing a

1 good job, we're gonna let you back. If you mess up,
2 we only got to deal with you for a few months, and
3 you're out of there.

4 So, that's the wisdom of the elders. And it
5 has not posed a problem since the 1700s.

6 SENATOR BONACIC: The Bureau of Indian
7 Affairs has, in my opinion -- not your opinion, my
8 opinion -- they've been all over the place when it
9 comes to approving Native American land-into-trust
10 applications. And they have been inconsistent.

11 I'm asking you -- and it's disturbed me,
12 watching, because there have been many
13 Native American, tribes, nations, that have been
14 trying to move forward with the Bureau of Indian
15 Affairs. And, they're led on, and a stop sign goes
16 up, and they're inconsistent: You can't do this.
17 You can do this.

18 And, so, I'm asking you: Has anyone in the
19 Bureau of Indian Affairs given you assurances that
20 they will start processing land-into-trust
21 applications in New York where a casino would
22 ultimately be sited?

23 RANDY KING: Well, it sounds like the federal
24 government needs to take a page out of our book, and
25 go to one-year terms, because that seems to be what

1 we have endured from one administration to the next;
2 that, you know, you have a -- you know, a
3 75-mile radius, then it's repealed.

4 Then you have "Carciari versus
5 Narraganset Indian Tribe," and that you're, you
6 know, precluded from taking land into trust unless
7 you were recognized prior to 1934.

8 It's -- and they took it to the Supreme Court
9 with semantics, over the one word, the word "now" --
10 "now recognized."

11 We feel that those issues will not preclude
12 us from taking land into trust. The
13 Shinnecock Indian Nation was under federal
14 jurisdiction. And, we are very confident that we
15 will be able to engage in gaming immediately.

16 SENATOR BONACIC: Okay, I guess what I'm
17 asking you is, you finally got recognized by the
18 federal government, you said in 2010. It took you
19 many years to get to that point.

20 I'm trying to measure the progress, from your
21 recognition in October of 2010, to now, with the
22 Bureau of Indian Affairs.

23 Are they giving you any signals -- any
24 discussions, conversations, assurances -- that
25 encourage you to move forward, or you don't have a

1 read?

2 RANDY KING: We've had some discussions with,
3 you know, some bodies of individuals that say, that
4 the Shinnecock Indian Nation is on firm footing.

5 But, you're right; it is a precarious road
6 for some tribes. And -- but I can only speak on
7 ours.

8 And we've been recognized for not even a
9 year, and here I am testifying on gaming in
10 New York.

11 So, I would call that progress.

12 SENATOR BONACIC: Thank you, Mr. King.

13 Anyone else have any questions?

14 Senator Griffo.

15 SENATOR GRIFFO: Thank you, Mr. King.

16 Appreciate you being here today.

17 I think that, as we look at this issue, we
18 have to look at it comprehensively, like: How we're
19 going to do it. Who's is going to do it. What
20 we're going to do, relative to the issue, relative
21 to the racing industry and commercial gaming.

22 Is it my understanding that you do -- you
23 don't believe that the State actually should
24 legalize gaming? That, we should just continue to
25 allow Native American nations to engage in this

1 process? That the State should not move forward in
2 this?

3 I don't want to mischaracterize that, but I
4 think that's what I was hearing.

5 RANDY KING: Well, the tribe has the legal
6 right to do it now. And I've -- this is my sixth
7 term as a trustee, five terms of that being
8 chairman.

9 And we've -- I've sat before the Boards of
10 Council, of four different governors of the state of
11 New York.

12 So, you tell me; if you legalize gaming, I
13 think the tribe is going to get the short end of the
14 stick on that one.

15 And I have made comments to the local
16 newspaper, "News Day," about three years ago, when
17 Aqueduct was, you know, being revved up.

18 And I said: What happens if the State starts
19 opening up multiple gaming facilities? They're not
20 going to need the tribe, and we're the entity that
21 has the legal right to do it now.

22 So, once again, that's another one of our
23 rights that are kind of pushed to the side, just
24 like those applications for development in the town
25 of South Hampton where no one listened to us.

1 SENATOR GRIFFO: If we were to take that
2 approach, and if you were to look at Native American
3 gaming enterprises, we already have about five in
4 the state, how -- who decides where they go then,
5 outside of the land-claim area?

6 Because there's a number of interests: The
7 Senecas are interested in the Catskills. The
8 Oneidas are interested.

9 How do we determine who should get that?

10 And I know the federal government plays a
11 role in that, but when it goes outside of an actual
12 land-claim area, how do you think that should be
13 resolved then --

14 RANDY KING: Well, that would be --

15 SENATOR GRIFFO: -- as to determine, who
16 would get the casinos, where?

17 RANDY KING: Well, are you talking about, as
18 like a bid for commercial licenses, or a compacting
19 process with the tribe talking to the governor?

20 SENATOR GRIFFO: It could be both.

21 RANDY KING: Well, you know, that's up for --
22 you know, that's for the State to decide, how many,
23 you know, licenses to bid, what -- how the market
24 can absorb it.

25 You know, will it remain competitive? Can

1 everyone live?

2 Our process is to go before the governor, and
3 discuss the issues, and to talk about respective
4 gaming facilities in, you know, the New York
5 Metropolitan, Nassau, Suffolk, county areas.

6 SENATOR GRIFFO: And you talked about how
7 New York can recoup a significant amount of revenue.

8 I have a concern with saturation.

9 So, at what point do we determine enough is
10 enough?

11 Even if you have all of these Native American
12 sovereign nations, indicating that they have an
13 interest in this, based on what you had discussed,
14 how do we make a decision that there's too many?

15 RANDY KING: Well, we've got --

16 SENATOR GRIFFO: I mean, how many do you
17 think we can sustain?

18 RANDY KING: Well, I've got, you know, some
19 of those studies in our testimony here, which, you
20 know, you're welcome to look at.

21 I don't envision a scenario, where, you've
22 got Las~Vegas or Atlantic City, where you have you
23 know, 10, 15 casinos on one block.

24 The market -- this is the biggest -- well,
25 the greatest city. New York City, is the greatest

1 city in the world, in terms of, you know, what it
2 has to offer: the transportation, the subway
3 systems.

4 And if you spread them out enough, you know,
5 I think they can co-exist, you know, Indian casinos.

6 And if you do adopt commercial casinos, I
7 think that there is enough of a market share, you
8 know, without oversaturating the area.

9 But, we do have those studies and, you know,
10 what is enough. You know, how much -- how many is
11 enough.

12 SENATOR GRIFFO: Okay. Thank you.

13 RANDY KING: You're welcome.

14 SENATOR BONACIC: Senator McDonald?

15 SENATOR McDONALD: Nothing.

16 SENATOR BONACIC: Okay.

17 Thank you very much, Mr. King.

18 RANDY KING: Thank you.

19 SENATOR BONACIC: Thank you for attending.

20 Our next speaker is Kim Vele, president of
21 the Stockbridge-Munsee Community.

22 Looks like the sun just came out. This is
23 good.

24 KIM VELE: Good morning.

25 SENATOR BONACIC: Good morning, Ms. Vele.

1 Thank you for being here.

2 I hope the Bureau of Indian Affairs sees this
3 as a commutable distance, you know, from where you
4 came.

5 [Laughter.]

6 SENATOR BONACIC: But, you would like to
7 present some testimony, and speak?

8 KIM VELE: Yes.

9 SENATOR BONACIC: Please do.

10 KIM VELE: Before I could begin, I would like
11 to say: [Speaks in native language.]

12 It means, in the Stockbridge-Munsee language:
13 Thank you for this day, Creator.

14 Good morning, Chairman Bonacic, and members
15 of the Senate, Judiciary, and Racing, Committees,
16 Senators Griffio and McDonald.

17 Thank you so much for allowing me to give
18 testimony this morning.

19 I started with, I wanted to be impromptu
20 about this. And then I went to, I think I better
21 stick with my statement. And now I'm convinced that
22 I want to just present to you a conversation about
23 why Stockbridge does not take a position as to
24 whether the State should pass a constitutional
25 amendment to open up gaming, and why New York should

1 pursue, continue to pursue, Indian gaming among the
2 options that the State has.

3 Stockbridge-Munsee has a long history. This
4 is our aboriginal home. We were removed forcibly.
5 We suffered indignities beyond anybody's
6 imagination. We have been removed numerous times,
7 and we ultimately ended up in Wisconsin.

8 And I'm very proud to say that we have a
9 story of success and survival.

10 And any time I leave away from home, and I go
11 as chairperson to represent my people, I ask them:
12 What is the message that you want me to communicate
13 to others?

14 And it's very simple, and it's very clear:
15 We are a people, despite what Fenimore Cooper says,
16 in terms of the Mohicans, there are no "last of the
17 Mohicans."

18 We are the last of the Mohicans, and we
19 survive. And we are grateful that we survive.

20 So, we are a story of persistence and
21 tenacity, and work against all odds.

22 I also point out in my testimony, that we
23 have an insignia called "Many Trails."

24 And the "Many Trails" represents the
25 different routes that we've had to take, and our

1 ability to be flexible in whatever we do.

2 So, it's a sad tale, in that, we still remain
3 connected to our ancestral home ground. Our
4 ancestors are buried here. We have significant
5 sites.

6 And we will never, despite what anybody ever
7 says to the contrary, forget that this is our
8 aboriginal homeland.

9 So, it's hard, and painful, for me to hear
10 that we should be treated as an out-of-state tribe,
11 or, we don't have any business in the state of
12 New York.

13 I beg to differ.

14 My ancestors are buried here. And I return
15 every opportunity I get, and I say my prayers to my
16 ancestors. And I am grateful for the things they
17 did, to protect our tribe, and our ability to
18 survive.

19 I also understand my continuing obligation to
20 the rising generations, and that is why, from
21 generation to generation, for the past 160 years, we
22 have passed this story of survival, and our right
23 for an appropriate place in New York's history,
24 here.

25 That led, when I was a very new attorney, in

1 the early '80s, to a conversion of a pending land
2 claim that we had in the Court of Claims, filed in
3 the 1950s, to an actual land claim that we filed
4 in the federal district court.

5 And to my amazement, after being away from
6 the tribe for 25 years, and returning back, I
7 discovered that the tribe's pending land claims,
8 here in the state of New York, continue to pend.

9 I want to emphasize, that, our tribe's
10 seeking justice on the loss of our land base here,
11 has resulted in an evolution of sorts, as to where
12 we are now.

13 These actions were filed long before Indian
14 gaming was ever considered. At most, we had, in the
15 1970s, high-stakes bingo.

16 And, when I started as a tribal attorney, we
17 had unemployment rates on the reservation of excess
18 of 86 percent.

19 And, I'm glad to say that high-stakes bingo
20 brought economic development to our area, and
21 increased opportunity for our members.

22 It's also very clear to me that states and
23 the federal government suffer the same budget crises
24 that every local government suffers, and there's not
25 money to provide a return of land, or recognition in

1 that regard.

2 So, when Indian gaming came on the scene, it
3 presented an opportunity to look at the land claim
4 in a different way, and say: All right, we
5 recognize, if we can't get land, in return, perhaps
6 the State of New York would give us an opportunity
7 to make some money. And that economic return might
8 be able to help the tribe purchase the areas that we
9 feel are important to protect; the culturally
10 significant, archaeologically significant, and
11 significant ancestral burial grounds, here.

12 So, we took a different route; a different
13 path, if you will. And we have always had two paths
14 since Indian gaming.

15 One is, the two-part process for the
16 land-into-trust.

17 And one is, through the mechanism of the
18 land-claim settlement.

19 I think, in the last two years that I became
20 president, we really pushed, to the extent that we
21 were able, the land-claim settlement.

22 I'm glad to say that Sullivan County, the
23 towns of Stockbridge, the town of Madison, local
24 school districts, at every level, we have
25 individuals that sat at the table to work creatively

1 with us, to craft an agreement that would work for
2 everybody.

3 And I'm very proud to say that, through that
4 process, there are numerous individuals that we can
5 sincerely call friends now, because we committed to
6 a joint resolution, creative resolution, that would
7 address everybody's concerns. And I honestly
8 thought it was a win-win for everybody, and it would
9 be easy for the Department of Interior to approve
10 us, and let everybody move forward.

11 Unfortunately, that didn't happen. But, you
12 continue to say your prayers, and say, maybe
13 something else will happen, and allow this to go
14 forward in a different way.

15 And, those prayers were answered a couple of
16 weeks ago, when Assistant Secretary Larry Echohawk
17 announced that the department's policy of imposing a
18 communability standard that, effectively, created a
19 ban for all off-reservation gaming, would be
20 eliminated, and they would renew their review of our
21 two-part application.

22 So now we have yet one more opportunity to
23 make the case for the Department of Interior.

24 In this regard, I ask, and I implore, the
25 State of New York, to continue to work with us, as

1 Governor Paterson did in the past, to be our
2 partners when our time comes up for that review, and
3 to stand by us, and say, "We're committed."

4 And I speak to you now as a politician, and I
5 am a little bit confused as to why we have to choose
6 one versus the other; why constitutional versus
7 Indian gaming; when, in fact, there are many states
8 where Indian gaming stands side-by-side with the
9 constitutional and state-operated gaming facilities.

10 Let the market sort out what the saturation
11 point is, and what's appropriate.

12 In these times of particular need for, and I
13 want to say, desperate need for jobs, because that's
14 not -- that's not anything new here, it's always
15 been part of our, what we've been most proud of, in
16 working with the unions, in full local-services
17 agreements and union agreements.

18 And I do come from a union background. My
19 father was a very proud member of Local 1
20 Ironworkers. Had many Mohawk friends who were
21 ironworkers in the state of New York.

22 So, I'm a -- born and raised by -- by
23 blue-class working union members, and I'm very proud
24 of that fact.

25 And it's part of our project.

1 But, as a politician, I can't understand why
2 we wouldn't, and why you wouldn't, as leaders in the
3 state of New York, pursue every possible path that
4 might lead to, jobs, and project development.

5 I encourage you to do that. And I think it's
6 the smart thing to do, because, people need jobs.
7 And this represents a significant job-creating
8 project, and an impetus for further growth and
9 development in Sullivan County.

10 For myself, despite looking everywhere I can,
11 I have never found a project that wasn't approved,
12 that didn't turn out to produce the jobs that it
13 promised to produce, or the economics development
14 that it promised to produce.

15 I haven't seen a project yet, where Indian
16 gaming was said to have been a bad decision.

17 So, having that in mind, I encourage you to
18 continue to work with Stockbridge, and other tribes,
19 in pursuing Indian gaming, as well as constitutional
20 amendments.

21 Anything, that will lead to jobs, job
22 creation, and project development.

23 I want to say one final thing, because,
24 reengagement on the issue of Indian gaming, with
25 particular emphasis on Stockbridge, creates, I

1 think, questions concerning the Tribe's credibility
2 as a partner, and whether we're going to make the
3 payments that we've agreed to make under the compact
4 that's been negotiated, and so on and so forth.

5 The Stockbridge-Munsee Tribe has been in the
6 gaming business and industry, starting with
7 high-stakes bingo in the late '70s, developed into
8 a full-fledged casino in Wisconsin.

9 We have never, ever missed a payment in our
10 compact with the State. We have negotiated numerous
11 tax agreements with the State of Wisconsin, and we
12 have abided by every provision within those
13 agreements.

14 So, I think our track record should speak for
15 itself.

16 I know that Governor Paterson, in the past,
17 had concerns about our credibility in that regard.

18 And I actually did ask the then-governor of
19 the state of Wisconsin, Doyle, "Can you vouch for
20 us?"

21 And he said, "Absolutely." And made the call
22 to Governor Paterson, and vouched for us.

23 So, I don't know what more I could do to
24 convince the State of New York that we would make
25 good partners.

1 And I encourage you to take that into
2 consideration.

3 And, I've never, ever known any state -- in
4 fact, I think states spend a tremendous amount of
5 money attracting out-of-state businesses. So, I
6 don't know why being an out-of-state, if that's the
7 way we're going to be considered, an "out-of-state
8 tribe," should be a deterrent.

9 I would think that any business that wants to
10 locate in the state of Wisconsin would be welcome --
11 or, state of New York would be welcome.

12 And, so, I would encourage you to, please,
13 look, and consider us in that light as well.

14 Having said all of that, I'll be -- I'm here
15 to answer any questions you may have.

16 And, my testimony, otherwise, speaks for
17 itself.

18 SENATOR BONACIC: Thank you, Madam President.

19 Your problem has never been with the State of
20 New York. We have always been a good partner with
21 the Stockbridge-Munsees, because, we have examined
22 your record in Wisconsin. We've had many
23 conversations with leaders of your nation. We've
24 had many conversations with your partners,
25 Trading Cove.

1 And, we thought you were first-class, and, we
2 still do.

3 KIM VELE: Thank you.

4 SENATOR BONACIC: But, you know, the
5 Bureau of Indian Affairs has frustrated your
6 application. It has never approved it.

7 We, in Sullivan County, which is the county
8 that I represent, I think, the local government, the
9 county government, the unions, they all embrace that
10 agreement that you made with the parties of
11 interest, only to be frustrated in Washington.

12 And -- but let me ask you a couple of
13 questions, if I may.

14 KIM VELE: Yes.

15 SENATOR BONACIC: You've pointed out, that
16 there shouldn't -- we shouldn't be of the mindset,
17 constitutional amendment, or Native American
18 casinos.

19 I don't think that we're of that mindset.

20 I think that we're going down two parallel
21 avenues, and we're going to try to make decisions on
22 what's best for the people in the communities, the
23 taxpayers, and the State of New York.

24 So, I don't want you to leave here with the
25 impression that constitutional amendment is the road

1 we're going down, and we're not going to consider
2 Native American applications.

3 As you know, year and a half ago, we went to
4 Washington, to try to help you with the Bureau of
5 Indian Affairs.

6 KIM VELE: Yes.

7 SENATOR BONACIC: But, again, they put up the
8 stop sign.

9 And, when I came away from that meeting, I
10 came away, the conclusion, that it's congressional
11 politics.

12 It was Senator Reid, and it was
13 Congresswoman Pelosi, exercising congressional
14 muscle, permeating the Bureau of Indian Affairs, to
15 frustrate your application.

16 And, to this day, even though they have
17 allowed -- taken the handcuffs off with
18 communicability distance, they still have not
19 approved your application.

20 And I'm glad that you're going back, and be
21 persistent.

22 The other point I would like to make, is,
23 just a couple of weeks ago, a Green County historian
24 in the "Catskill Daily Mail," which is a newspaper,
25 recognized your historical roots in the Catskills.

1 So, as far as, me speaking as the Chairman,
2 we know, that you have roots in the Catskills, and
3 shouldn't be treated as an out-of-tribe nation.

4 Okay?

5 This is just my personal opinion.

6 I've been talking to the Senecas quite a bit.
7 We had extensive testimony yesterday.

8 And I'm just curious, in Wisconsin, did you
9 have any kind of exclusivity agreements, or any
10 problems with the local governments or state
11 governments? And how did you resolve them in
12 Wisconsin?

13 KIM VELE: Actually, the relationship
14 locally, in Wisconsin, has improved dramatically,
15 and, in part, out of financial necessity to do so.

16 Rather than having parallel governments do
17 parallel things, we decided, maybe we should all sit
18 at the table and work together on projects.

19 So, I'm very proud to say, that, Stockbridge
20 has worked with Shawano County, with the towns of
21 Red Springs, towns of Bartolome, on numerous
22 projects, for road improvement, wetland
23 rehabilitation.

24 Salt purchases, we work closely with the
25 State of Wisconsin.

1 In fact, when the tribe flew out from
2 Wisconsin, to sign the historic settlement agreement
3 with Governor Paterson, it was on the Governor's jet
4 that the tribe negotiated for state rates.

5 So, we have a wonderful working relationship
6 with all levels of government, as well as other
7 tribes.

8 Is it true, our compact had a semi-exclusive
9 provision in it?

10 It was a bit loose in its language. It
11 allowed for the Ho-Chunk Nation to open up a casino,
12 rather close to us, with more machines than we
13 originally anticipated, but, we're learning to live
14 in -- with that.

15 And we're also discovering, after the fact,
16 that, having three casinos being located close to
17 one another actually is an additional draw for many
18 people.

19 SENATOR BONACIC: Okay.

20 KIM VELE: So, it's not worked to the
21 negative.

22 SENATOR BONACIC: Any one else?

23 Joe, want to ask her any other questions?

24 Anybody else?

25 Joe?

1 Okay.

2 KIM VELE: That's it?

3 SENATOR BONACIC: I want to thank you for
4 coming in this terrible weather.

5 KIM VELE: And I want to thank you for your
6 continued supported. And, for New York's continued
7 support; Sullivan County, town of Madison, town of
8 Stockbridge.

9 It really is heart-warming.

10 And thank you again for the opportunity.

11 SENATOR BONACIC: You have a safe trip back,
12 okay?

13 KIM VELE: Thank you.

14 SENATOR BONACIC: Our next speaker is:
15 James Featherstonhaugh, the President of New York
16 State Gaming Association; Michael Wilton, the
17 executive director of the Gaming Association;
18 Timothy Rooney, of Yonkers Raceway; Michael Speller,
19 of Resorts World New York.

20 Good morning.

21 JAMES FEATHERSTONHAUGH: Good morning.

22 SENATOR BONACIC: Okay, so, Mr. - I see -- I
23 announced Michael Speller, but I guess --

24 JAMES FEATHERSTONHAUGH: Christian Goode --

25 SENATOR BONACIC: Okay. Thank you.

1 JAMES FEATHERSTONHAUGH: -- has joined us
2 from Resorts World of New York.

3 SENATOR BONACIC: Okay, you're on.

4 JAMES FEATHERSTONHAUGH: Thank you,
5 Mr. Chairman.

6 First thing I want to do is, turn around, and
7 apologize to all of the people that worked for us in
8 preparing the testimony for this hearing.

9 You'll recall, the Chairman said the members
10 of the committee can read.

11 I don't believe he promised us they would
12 read. But, in any event, I'm confident they're
13 going to read it, so, we're going to depart from the
14 testimony, and accept the Chairman's invitation to
15 engage in a dialogue with the committee.

16 And I think it's a dialogue that really needs
17 to take place in New York, and that we need to get
18 away from skirting what are the fundamental issues
19 that confront the New York State Legislature as it
20 fulfills its duties to protect the rights and
21 interests and welfare of the citizens of the state
22 of New York.

23 We have brought some props with us, which I
24 hope is acceptable to the Committee.

25 And, let me see if I can get your attention

1 over to this side, just to tell you who we are.

2 We're the New York Gaming Association.

3 We are recently formed within the last
4 two months. We're a not-for-profit organization,
5 that is made up, proportionately -- I say
6 "proportionately," in terms of support of the
7 organization -- we are made up of all of the
8 racetrack casinos currently existing, or about to
9 come on-line, in New York, starting with:
10 Resorts World at Aqueduct, Empire City at Yonkers,
11 both of which are represented here.

12 Empire Resorts at Monticello, which I know,
13 Mr. Chairman, is in your area;

14 Saratoga Casino and Raceway, in
15 Senator McDonald's area;

16 Tioga Downs and Casino, near Binghamton;
17 Vernon Downs; Finger Lakes Casino and
18 Racetrack; Batavia Downs Casino; and, Hamburg
19 Casino, at the Fairgrounds.

20 If you look at that map, and the distribution
21 of it, and then you imagine the three Seneca
22 casinos, Turning Stone, and the Mohawk Akwesasne
23 Casino, you will see that New York already has
24 gaming.

25 The Governor mentioned that the other day,

1 and he was right.

2 The question is: What does New York's gaming
3 model look like, and how it works, I suppose, if it
4 should evolve?

5 On that point, I will tell you, that New York
6 has the best model for gaming in the country.

7 And I want to refer to the -- I thought a
8 very crisiant remark made by our first speaker, who
9 said, New York has the potential, and really is the
10 best gaming market in the world.

11 Now, there may be some people in Malaysia or
12 Hong Kong that would argue that.

13 I'm sure Senator Reid, who you mentioned,
14 wouldn't argue that, because, Senator Reid is eating
15 our lunch. Our gaming market is going to his state.

16 New York State loses between 3.1 billion and
17 5 billion dollars a year, that goes untaxed,
18 unnoticed, uninvested, and unspent in New York,
19 because it is spent in Connecticut, Atlantic City,
20 Nevada, Canada, other venues.

21 That does not need to happen.

22 New York does not have to allow that to
23 happen, and it certainly doesn't need to encourage
24 it to happen.

25 Here, in New York, the other thing I want to

1 take you back to, because I think that this sets a
2 context that's critically important for this
3 committee: Our first speaker said, look it, you
4 can't rely on these racetrack casinos. My goodness,
5 you passed legislation in 2001. Aqueduct still
6 isn't open. What have they done for you?

7 Well, in 2001, the State of New York did two
8 things: It authorized three tribal casinos in,
9 Sullivan, and Ulster, County. And, it authorized
10 the development of the racino industry.

11 There are no tribal casinos in
12 Sullivan County.

13 SENATOR BONACIC: Thank you, Jim.

14 [Laughter.]

15 JAMES FEATHERSTONHAUGH: In 2004,
16 Saratoga casino opened in Senator McDonald's
17 district.

18 In that time, between 2004 and now, little
19 tiny Saratoga Racing and Gaming, had sent you
20 Senators, every year at the budget, between then and
21 now, we have sent you over \$660 million, to support
22 agriculture, education, breeding, racing,
23 jobs...everything that's economically good for the
24 state of New York.

25 When you spread that across all of the

1 casinos that are open, and the casino that is now
2 opening, it is billions of dollars.

3 So, before you listen to people tell you what
4 they're going to do, I would urge you to ask them
5 what they've done.

6 We have built an industry in this state. And
7 with your support, and your help, we can make this
8 industry a jewel for New York State, and a model of
9 public-private partnerships across the country.

10 Now, you say that -- or, I say, that -- and
11 our previous speaker said, that this market is the
12 best market in the world.

13 I would like to ask Tim Rooney, from Yonkers,
14 to tell you a little bit about the market, and what
15 other people are trying to do to your market.

16 Tim?

17 TIMOTHY ROONEY: Thanks.

18 Thanks, Jim.

19 Thank you, Senators.

20 I think, Senator Bonacic, I know you were at
21 our property recently, so, you're familiar with what
22 we have going on there, and the success story that
23 we've become thus far.

24 But, just for the benefit of the other
25 Senators --

1 SENATOR BONACIC: Tim, you may want to bring
2 that mic closer.

3 TIMOTHY ROONEY: Sure.

4 Just for the benefit of those -- the other
5 Senators in the room, as well as the record: We've
6 opened -- we opened in late 2006. And we have,
7 since that time, contributed, as Jim said, what
8 small little Saratoga's contributed -- which,
9 they're doing a fabulous job here -- we've
10 contributed almost \$2 billion to the state, and to
11 agriculture, to education.

12 We're the largest employer in the fourth
13 largest city, the city of Yonkers, which has, you
14 undoubtedly hear every budget time, is struggling on
15 its own. They're laying off teachers.

16 We're very a positive employer there. We --
17 I think the majority of our employees come from
18 Yonkers, or very -- you know, the surrounding areas.

19 The majority of those employees, almost
20 two-thirds, are women and minorities.

21 So, we're very proud of our, record of
22 employment, record of investment. And we have
23 established a very successful property in a short
24 time.

25 In fact, right now, we're undergoing a

1 \$40 million expansion, to provide some additional
2 amenities, to provide more space on our gaming
3 floor, to provide more comfort for our patrons, and
4 to provide more jobs.

5 But, as Jim said, you know, it's -- we are --
6 we're in the New York market. We're 15 miles from
7 Times Square, and that's the market we attract.

8 It's also the attract -- it's also the market
9 that the out-of-state casinos -- Atlantic City, the
10 Pennsylvania casinos, the Connecticut casinos --
11 those are -- they're targeting our customers.

12 And if you look over here, I have a couple of
13 examples of some of the efforts that some of the --
14 specifically, the Connecticut casinos, have come up
15 with.

16 And, these are right in our backyard.

17 This says -- this is in a local Westchester
18 magazine, touting the amount of jackpots that
19 Mohican Sun has paid out.

20 It's a Westchester-based magazine.

21 This is a clip from the "Westchester Golden
22 News," that talks about two former casino hosts that
23 worked at, Yonkers Raceway, and Empire City, that
24 are now at the Mohican Sun. Enticed some of the
25 customers that they had relationships with at our

1 property, to go visit them.

2 And, you know, these are my two favorite
3 examples here.

4 These are slot -- or, these are billboards,
5 that, as soon as you're exiting our property,
6 they're right across from the State Thruway, and
7 they're sort of aimed right at our customers that
8 are leaving our parking lot.

9 One is Foxwoods, touting the Foxwoods and
10 slots in Connecticut.

11 And this one here, I apologize for the poor
12 picture, but, it's touting, if you go to Mohican Sun
13 and you show them your Empire City club card,
14 they'll give you \$100 in free-play, to attract, you
15 know, our customers to them.

16 And, you know, just as an example of them,
17 basically, coming right into our backyard, taking
18 our customers, and trying to entice them to
19 Connecticut, where they pay no taxes. And where,
20 you know, the State of New York is getting no
21 benefit from them.

22 JAMES FEATHERSTONHAUGH: Speaking of taxes
23 and benefit to the State of New York, and the
24 citizens of the state New York, I would like to call
25 your attention: I know you all know this,

1 intellectually, but, often, I think when we talk
2 about gaming, people just don't think about it at
3 all.

4 The gaming dollar which is spent at New York
5 racetrack casinos, at one of our nine facilities,
6 48 percent of that dollar goes to children's schools
7 and teachers. And it's mandated to go there. It
8 has to go in that Fund -- or, 48 percent of it.

9 10 percent -- and this is, I think,
10 underappreciated by some of your colleagues,
11 particularly from Downstate, but, you know, all of
12 Upstate has struggled. And no one has struggled
13 more than our farmers and our agribusiness.

14 Well, 10 percent of that dollar goes to
15 breeders, farms, horsemen.

16 I know, I'm sure Senator McDonald saw, that
17 once Saratoga went into business, and we had the
18 purse structures that would support the
19 entrepreneurial spirit of our trainers and drivers,
20 they bought training farms. They expanded farming
21 operations.

22 In fact, we were original -- our original
23 funding came from a bank, a federally chartered
24 bank, that can only invest in agricultural projects.

25 Another 10 percent goes back to capital

1 investment, all of which is invested here in
2 New York State. It's not, with that respect,
3 invested in Wisconsin, or in any other state. It's
4 invested here in New York.

5 22 percent of the racetrack operations, jobs,
6 employees, work force, and so on.

7 And 10 percent goes back to help the
8 State Operations budget, through the division of the
9 lottery, do its job, and maintain these places the
10 way they're supposed to be.

11 If you take a look over here, you'll see what
12 New York's racetrack casinos contribute in the
13 last -- will contribute in the budget year, from
14 2010 to 2011. It will be \$632 million. That's
15 what's just going to the State of New York, not the
16 other investments.

17 You'll see, whatever virtues, whatever the
18 issues are, with Native American casinos, in that
19 budget year, New York State will receive zero.

20 Now, I'm not trying to simplify the issues
21 that you have to deal with when discussing
22 Native American casinos.

23 And I understand, as I'm sure you do, that
24 IGRA is a scheme that allows, and that encourages,
25 providing economic support for tribes. But, every

1 dollar that's spent in a Native American casino, is
2 a dollar that isn't distributed across the state of
3 New York, to the children, teachers, farmers, that
4 work in the state of New York.

5 That's what we have done this year.

6 And I would like to ask Christian Goode to
7 speak a little bit about what we'll be doing next
8 year for the state.

9 CHRISTIAN GOODE: Thank you, Jim.

10 Thanks, Senator Bonacic, members of the
11 Committees.

12 As Jim points out, 632 is what's coming into
13 the state this year (inaudible).

14 When resorts (inaudible) Aqueduct (inaudible)
15 1.1 million. That's if nothing changes; if we stay
16 on the current path that's envisioned for New York.
17 The VLT operations, we operate as a racetrack
18 casino.

19 In our opinion, that's just the starting
20 point.

21 Just to give a little background on our
22 project: We're less than two months from opening a
23 Resorts World at Aqueduct.

24 To date, we've created more than
25 1,200 construction job. These are union -- all

1 unionized jobs. We're subject to a PLA that, I
2 think, from all accounts, has been very successful.
3 The trades are very happy. They have provided a
4 great work force, and our project is moving along in
5 a manner that's consistent with what we think
6 New York expects in a good partner.

7 When we're fully built out, which should be
8 by the end of the year, we expect to have
9 1,300 permanent jobs. Not minimum-wage jobs, not
10 jobs that, you know, people are transient to, coming
11 in and out, but jobs that are good-paying. They're
12 careers.

13 We expect to be an employer for at least 30,
14 more likely 50 or 60, years in the future, in
15 Queens.

16 The jobs we're creating, the average job's
17 going to be about -- average salary, including
18 benefits, is going to be about 45,000.

19 We think that what we bring to that area is
20 rejuvenation. We spent a lot of time working with
21 the community.

22 As Tim pointed out, his minority numbers, of
23 being two-thirds minority, or women, to date, our
24 number is tracking about 80 percent. And of that,
25 90 percent of our entire work force is probably from

1 five miles within -- within five miles of our
2 facility.

3 So, we are creating jobs. The industry is
4 creating jobs.

5 When we open, as we point out, it's going to
6 be 1.1 billion that goes to New York State, to
7 support education and educate children in
8 New York State.

9 Our \$830 million investment to date is just
10 the starting point. That investment can grow. We
11 think that there -- as Jim pointed out, there's
12 potential for a private-public investment model that
13 will be second to none in the U.S.

14 I'll just give you some insight into some of
15 our plans.

16 We'd love to build a convention center. We
17 are going to start doing the planning. We've
18 already started the planning stages of it.

19 We plan on building the largest contiguous
20 exhibition hall in the United States. About a
21 million square feet, with another half a million in
22 the stage one, for meeting, uhm, the largest
23 free-span ballroom.

24 If all goes well, we think we will be able to
25 break ground in January of 2014. We have some

1 permitting obstacles we have to go through,
2 comments, and some studies that we have to do.

3 That's a new market that's bringing money
4 into New York State.

5 That's bringing tourist dollars here, that's
6 bringing conventions. Different money coming in.

7 At \$2,000 per attendee, that a convention
8 delegate will normally spend, and that's a common
9 metric across the U.S., that instantly creates a
10 billion-dollar boost to the New York City and
11 New York State economy.

12 Those are the type of things that can happen
13 if the future of gaming in New York State is
14 somewhat enhanced.

15 I don't think any of us would support an
16 expansion, but, rather, an enhancement.

17 The ability to compete with peoples that
18 Tim Rooney mentioned, the Foxwoods of Connecticut.
19 Compete with companies or states that are taking
20 money out of our state and not bringing anything
21 back.

22 We want to be a good partner. We think we're
23 in a position to be a good partner, as an industry.
24 I think that we're prepared, the nine members of
25 NYGA, to spend billion of dollars in capital

1 investment.

2 So, we would ask that if you consider the
3 partner that you have, the track record of success
4 that that partner's provided you, when you're making
5 decisions, or contemplating what the future should
6 look like.

7 JAMES FEATHERSTONHAUGH: Senator, you know
8 the nine racetrack casino operations in New York.
9 We've all been in business now, with the exception
10 of my friends at Resorts World, for a number of
11 years.

12 Our communities know us. We've worked with
13 our communities. We're large, or largest, employers
14 in our communities.

15 When you proceed, I would urge you to think
16 about not looking at other states' models for
17 gaming. Take some pride in yourselves and in
18 New York. You've created the model. This is how
19 gaming should be distributed.

20 The old cluster model of gaming in
21 Atlantic City, with all due respect to my pals in
22 New Jersey, we don't want to create any
23 Atlantic Cities here in New York. That's a failed
24 model.

25 What we have created, what you have created,

1 in New York, is a model that works.

2 Yes, you have to figure out what you're going
3 to do with -- if anything, with the tribal gaming,
4 and how to have that fit.

5 In each case, there are differences. And
6 we'll be glad to respond to some questions about
7 that, too, in terms of certainty, risk, reward. But
8 I can tell you, without a shadow of a doubt, the
9 lowest risk with the greatest reward, available in
10 New York, it's to support enhanced gaming at your
11 existing facilities.

12 And, in January, NYGA, we will come to with
13 you with a concurrent resolution, seeking to amend
14 the New York State Constitution within the section
15 that contains the current lottery exception, so that
16 that dollar continues to be spent in the interest of
17 the taxpayers of the state of New York.

18 We'll seek to expand that exception, to allow
19 full commercial gaming at existing authorized sites.

20 Gaming will continue to be regulated by the
21 lottery and the Racing and Wagering Board.

22 Revenues will continue to be dedicated to
23 education, agriculture, and equine business in the
24 support state operations.

25 The resolution, as it was said earlier, will

1 require passage in 2012. It will require passage
2 again in 2013. And it will then go to the people.

3 Imagine that! We'll let the people speak.

4 It will go to the people in November of 2013.

5 And if approved, what I can promise you,
6 sitting here today, is that, if approved, there will
7 be nine shovel-ready projects, ready to go, that can
8 be in the ground in January of 2014.

9 And I can assure you, that you can repatriate
10 somewhere between 50 and 80 percent of that money
11 that is now being exported from New York, back into
12 your state, to support your citizens.

13 We look forward to working with you.

14 We know this can be done. And, we're excited
15 to get on with it.

16 Thank you.

17 SENATOR BONACIC: Thank you very much for
18 that presentation, gentlemen.

19 First of all, let me start by saying: We
20 appreciate the contributions that you have made to
21 the General Fund, and assistance to the taxpayer, to
22 enable the State to do the things that they've done,
23 as you've outlined in one of your exhibits.

24 Let me ask a few questions, if I may.

25 Is it your intent to submit to this

1 committee, in the near future, a jobs-impact report
2 with what you think would happen in the state of
3 New York with job creation, in the event that a
4 constitutional amendment would go forward?

5 JAMES FEATHERSTONHAUGH: It is. We have
6 commissioned the study to be done by a company known
7 as "Union Gaming," which is owned and operated by
8 some fellas, that started at the Deutsche Bank
9 Gaming Desk in New York, grew up in New York, are
10 now located out in Las~Vegas.

11 We expect that study to be completed, and
12 available, by mid-October.

13 The day we have it, you will have it.

14 SENATOR BONACIC: Okay.

15 I was at an event, where a representative of
16 Genting International made a remark. And I would
17 just like you to confirm, publicly, if it's
18 truthful. I assume it's truthful.

19 They said: When Aqueduct opens, with the new
20 racino, with the expansion, and the creation of the
21 racino, there's going to be created, 1,300 new jobs.

22 CHRISTIAN GOODE: Permanent jobs.

23 SENATOR BONACIC: And the job applications
24 for those 1,300 jobs, were 20,000 applications.

25 Is that true?

1 CHRISTIAN GOODE: That was true at the time,
2 and it's obviously changed since then.

3 As of this week, we have over
4 30,000 applications for 1,300 jobs.

5 SENATOR BONACIC: Okay.

6 CHRISTIAN GOODE: We expect, by the day we
7 open, we'll have somewhere around
8 40,000 applications. That's, a little bit,
9 about 1 in 30 people that apply, you know, roughly,
10 will get a job.

11 We think that's indicative of what our area,
12 and what New York overall, sees, is that people need
13 jobs. They want to go to work.

14 People are there, they're ambitious. They --
15 you know, we field a lot of calls, which is
16 impressive about how much follow-up they do. It's
17 not that they're just dropping off applications, to
18 do it. They want jobs.

19 They're interested in -- you know, they ask
20 us every day: Is there training that I can go to?
21 Is there something I can do to better my
22 position? -- to get one of those 1,300 jobs.

23 And, although Jim talked specifically about a
24 report that was commissioned by NYGA, we've done
25 some of our own analysis.

1 If table games were legalized, and we proceed
2 down that path, where we're a good partner with
3 New York, we expect, in the next, you know, not two
4 years, but maybe the next five years, that we could
5 invest over a billion dollars in Aqueduct alone,
6 with table games, with convention centers, which
7 will allow us to bring dollars back to New York
8 State. But, more importantly, it will allow us to
9 import dollars. It will become a destination.

10 So, when people from Connecticut want to come
11 down and see a show, they come out and see Aqueduct.
12 You know, maybe they're in town for business, they
13 stay over. And, that generates a significant
14 economic boost.

15 We would expect that, if table games were
16 legalized, our plans were to move forward, within
17 five years, we could employ, fifteen,
18 twenty thousand people directly, which spins off,
19 and is, probably, another, fifteen or
20 twenty thousand people indirectly.

21 And, not only our business, but the hotels
22 around the airport, the taxicabs, the car service,
23 the other food venues, the food-service suppliers.

24 I mean, giving very little effect -- a
25 multiplier effect: Just Aqueduct alone, could be a

1 30,000 job-creation initiative, by legalizing table
2 gaming, allowing us to compete, enhancing what we
3 can offer. Not expanding it, but just enhancing it.

4 SENATOR BONACIC: I want to talk about
5 Sheldon Silver's remarks in "The Post," of
6 indicating that he doesn't think it's a good idea to
7 have casinos in the Metropolitan area.

8 Could you -- that it would be a harder sell.

9 Do you have an opinion as to, your plan, and
10 how you would reconcile it with the Speaker's
11 remarks?

12 He indicated, he was speaking for him, and
13 not his members.

14 But, that would affect, I would think,
15 Aqueduct?

16 JAMES FEATHERSTONHAUGH: Yes. We have not
17 yet had the opportunity to sit down with the
18 Speaker, to show him our specific plan. And, I was
19 not there to hear what question the reporter asked
20 the Speaker.

21 It has been my experience, and I'm sure
22 yours, over the years, whether you agreed with the
23 Speaker or not, that he generally does not arrive at
24 positions lightly or loosely. They are thoughtful
25 and intelligent.

1 Our proposal is thoughtful and intelligent.

2 And what we would say to the Speaker, will
3 say to the Speaker, and I'm hopeful will be
4 persuasive in it, is: We understand that there are
5 many people who have questions, social
6 responsibility, in the location of gaming.

7 New York has crossed that bridge. You can't
8 unring that bell. That decision has been made.
9 New York has said there will be gaming at these
10 nine locations.

11 And, so, we would respectfully say to the
12 Speaker: Every month, after they go into business,
13 Resorts World will be changing games on the floor of
14 the racino under the current law. They'll be
15 bringing in new games, moving out old games.

16 At the end of the day, all we're saying, is,
17 if we can do that with all of the electronic games,
18 why shouldn't we be able to do it, to move in new
19 games, table games, and so on.

20 I understand, and respect, the Speaker's
21 concern, about anything, that would turn
22 New York City into Las~Vegas.

23 I don't believe there's anybody in this room
24 that would want to do that.

25 We're not suggesting that. Ours is a modest,

1 incremental, intelligent proposal that I believe the
2 Speaker will ultimately support.

3 SENATOR BONACIC: In any of your plans, do
4 you conflict with the exclusivity position of the
5 Senecas in that region?

6 JAMES FEATHERSTONHAUGH: Yes, we do; and
7 here's what I would say to that issue.

8 I understand the Senecas were an
9 enthusiastic presence at your hearing yesterday.
10 And, I'm sorry I didn't have an opportunity to talk
11 to them then.

12 What I would say is this:

13 First thing I would say, is: Pay your bills.

14 You made an agreement, turn over the money
15 you owe to the State of New York.

16 And then I would say: Our proposal is going
17 to help you, Senecas, we're going to give you an
18 opportunity that you didn't.

19 You signed an agreement, that said, you would
20 pay 25 percent. And you got it approved by -- in
21 Washington, 25 percent -- it's 25 percent tax
22 rate -- if you had exclusivity.

23 We now propose to take that exclusivity away
24 from you. We haven't taken it away from you before,
25 and you're still enjoying it, so, keep your word.

1 But, we are going to take it away.

2 And when we do, we're going to keep our word.
3 We're not going to ask for that 25 percent anymore.
4 That will cost the general fund of the State of
5 New York, theoretically, \$100 million a year.

6 I say "theoretically," because no one is
7 making the payment. But, our proposal will more
8 than make up for the \$100 million a year that the
9 state will lose if it takes away the exclusivity.

10 And I would urge us all to stand up and bite
11 the bullet, and do it.

12 And then I would urge the Senecas to stop
13 complaining.

14 If you have a casino that is operating at a
15 zero tax rate -- "a zero tax rate" -- and you can't
16 compete with us, you'd better get in another
17 business.

18 I haven't heard Chief Halbritter saying that
19 he can't compete with Vernon Downs. Their two
20 facilities are competitive. They get along with one
21 another, to the extent that they both exist, and
22 they're both going on.

23 If the Senecas want to compete with
24 Finger Lakes, they can compete. But, there's no
25 reason to tie Finger Lakes' hands, and say,

1 You can't have table games.

2 That makes no sense.

3 SENATOR BONACIC: My last question: The
4 saturation point; when is too many casinos
5 counterproductive?

6 Do you have an opinion?

7 I know that, you know, your coalition
8 represents the nine tracks. And you would like to
9 see full-scale gaming at all nine tracks.

10 Do you think it's realistic?

11 Do you think it dilutes destination resorts
12 in the state of New York?

13 JAMES FEATHERSTONHAUGH: No, not at all.

14 In the first place -- and I'm going to ask
15 Christian to comment on this too, and maybe we'll
16 get different comments -- but, people who are going
17 to -- first of all, the gaming which is currently
18 occurring at the currently existing racinos is
19 primarily local gaming. And those folks want to
20 enjoy an evening out, and some entertainment. They
21 generally do it on a budget, and they generally do
22 it, at least Upstate, within a 50-mile radius, so
23 they can drive there, and then get home, so they can
24 get up and take their kids to the soccer game in the
25 morning.

1 So, it's localized.

2 We have -- if you look at that map, we
3 currently provide, if we were to draw a 50-mile
4 circles around that map, you would see that almost
5 everybody in the state of New York has an
6 opportunity to game.

7 And, if you could imagine that Akwesasne
8 casino up there, then you would see that everyone
9 does, for local gaming.

10 So, what we're talking about, at a place like
11 Aqueduct, or Yonkers -- or maybe Tim wants to
12 comment on this, too -- is, then, when you're
13 talking about destinations, I mean, come on. There
14 are half a dozen cities in the world that are real
15 destinations. And New York leads the list: New York
16 City.

17 So, if we -- if you give these gentlemen the
18 right to compete as full-blown casinos, they will
19 begin to repatriate some of those trips that are
20 going -- you know, people go to Las~Vegas for
21 four days.

22 Well, you can have a lot more fun in
23 Manhattan, New York, in four days, at a world-class
24 casino, than you can in Las~Vegas.

25 CHRISTIAN GOODE: I don't -- I think that we

1 agree.

2 I think, Chairman, the dilution's going to
3 come in the dollars that go outside of
4 New York State. The citizens here have demonstrated
5 a desire to gamble, and to seek out destination
6 resorts, as you termed it.

7 We at Resorts World believe that we can build
8 one in Queens, that will be first-class, and will be
9 the best destination resort possible, anywhere in
10 the country; mostly likely, anywhere in the world.

11 And we believe that's what New Yorkers want.
12 And -- but, we also believe that's what people from
13 outside of New York want. Whether it be, U.S.,
14 Canada, Europe, we believe we can bring that
15 business to New York.

16 New York is the world financial center.

17 We believe it's also an entertainment capital
18 of the world, in terms of, Broadway shows, concerts,
19 and entertainment.

20 In my opinion, and I think Tim would share
21 this, we have unique ability.

22 We have people coming here anyway, in terms
23 of, from business, for pleasure, for family;
24 whatever the reason.

25 We want to give them an amenity that doesn't

1 currently exist, that we think they desire.

2 So, the dilution is going to be, dollars
3 leaving the state.

4 The improvement's going to be, bringing
5 dollars that go somewhere else, into New York State.

6 And we think that it's just healthy
7 competition. And we think that -- you know, we
8 don't think there will be oversaturation in the
9 market. We think the nine facilities that exist are
10 the right locations.

11 To Jim's point, it covers the state nicely.
12 It's not, one at every corner. It's not a
13 proliferation that, you know, would look gaudy, like
14 downtown Vegas did years ago, although that's been
15 rejuvenated to some degree.

16 We want sensible, we want well-thought-out,
17 rational development.

18 And -- unless Tim has some comments.

19 TIMOTHY ROONEY: Well, I agree completely.

20 I would just -- we can't attract those
21 tourists coming to New York now with the current
22 products that we're offering.

23 So, I think, if we had full gaming, it would
24 be easy to do so. And we would make the similar
25 investments, and put up the hotels and the

1 entertainment venues that would, you know,
2 entertain, and attract, those tourists coming into
3 New York.

4 There's millions and millions of those
5 tourists come in every year, and, you know, to get
6 them to stay an extra day, to come to one of our
7 facilities, would be relatively easy.

8 SENATOR BONACIC: Uhm --

9 CHRISTIAN GOODE: Just to add onto my
10 question --

11 SENATOR BONACIC: Excuse me, Christian. Go
12 ahead.

13 CHRISTIAN GOODE: -- I think the statistic
14 for 2009-2010, was about 47 million people,
15 annually, come as tourists to New York City, in the
16 Metropolitan area.

17 It's the largest metropolitan area in the
18 U.S. by far. Los Angeles is second.

19 What -- there's 47 million people that come.
20 We think that can be better. And it's not just for
21 us, as Yonkers -- Empire City Yorkers or
22 Resorts World. It's about all the spin-off.

23 It's the other hotel areas. It's the taxes
24 that come from people coming in through the
25 Port Authority entries. JFK, Laguardia, Newark.

1 You know, those type of, the economic boosts
2 would be significant. And it's very material. We
3 think it makes a lot of sense, and would ask that
4 you to consider that.

5 SENATOR BONACIC: What I understand about
6 casino gaming, watching over the years, the state
7 enhances itself when you get out-of-staters coming
8 into New York.

9 I want to thank you for --

10 SENATOR GRIFFO: I had some questions.

11 SENATOR BONACIC: Yeah, no.

12 -- a very good presentation.

13 Senator Griffo is going to ask you some
14 questions.

15 I would just tell you, that, I have a
16 suggestion.

17 You've indicated that you're going to come
18 forward with a concurrent resolution in January.

19 I know there are some concerns with
20 saturation. And, I'm not suggesting who are winners
21 and losers, but I know there's a concern there.

22 And, I just would encourage you to try to
23 have conversations with the Speaker,
24 Assemblyman Pretlow, and our Senate Committee, to
25 see if we can get a consensus on locations, because

1 I see that, in my own mind, as the biggest challenge
2 being drafting legislation, as we go forward.

3 And I can just share with you, and I have no
4 definite plan, but there have been concerns
5 expressed of the saturation issue.

6 And, that's all that I have to say on this
7 point.

8 But, thank you.

9 Senator Griffo.

10 JAMES FEATHERSTONHAUGH: And, thank you.

11 SENATOR GRIFFO: Thank you.

12 I think, that, if we look at this, and we
13 are, obviously, looking at this seriously, and you
14 now have the Governor engaged in this discussion
15 also, I think the model should be -- you talked
16 about a thoughtful and intelligent approach.

17 I think the model should be: Do it right.

18 That should be the goal and the objective.

19 And the question is: How do we best do that?

20 Now, you made a great presentation today, but
21 what type of research do you have, empirical data,
22 specific things, beyond opinion, that can justify
23 some of the things that you've said today?

24 For instance: When you talk about why people
25 are leaving the state, and we look at some of these

1 marketing techniques, but that's just one component.

2 People go to Las~Vegas because of what
3 Las~Vegas is. And people are still going to go to
4 Las~Vegas for that reason.

5 So, the question here is, and where I
6 disagree with you is: I think you are localizing
7 gaming, and that's a problem. And that saturation
8 becomes very challenging and problematic.

9 I disagree that, you know, people -- we want
10 to encourage our local residents to go into areas,
11 and be able to have access and availability to game;
12 to have gaming opportunities there.

13 I think we want to look at this from a state,
14 as: How do we raise revenue? How do we create
15 jobs? And, how do we also not cause problems for
16 people who may have problems?

17 And -- and I think that, that's why the model
18 becomes so important.

19 And I'm curious, and trying to inquire.

20 And, you talk, Jim, about, whether or not we
21 would actually read the testimony.

22 I don't know if you're aware of my
23 legislation, because, when I talk about this to you,
24 I have legislation, Senate Bill 5426, that mirrors,
25 somewhat, what you're discussing right now, about an

1 expansion -- an enhancement, as opposed to an
2 expansion, because, as I said earlier, we need to
3 look at this industry, this challenge,
4 comprehensively, with the racing industry, with
5 gaming; and, how it can work, and where it should
6 work.

7 So, the model, and the data and the studies
8 that we conduct in order to ensure that we're doing
9 it right, is important.

10 Do you have any such empirical research and
11 data beyond what we've discussed here today?

12 JAMES FEATHERSTONHAUGH: We do.

13 As I indicated, we have a series of studies
14 that have been done, some of them -- some of them
15 are available to anyone. They're national studies
16 that people have done in the gaming area.

17 Genting has done a series of local studies
18 that we've had the benefit of.

19 We have commissioned, as I've told you, a
20 study that we're going to share with you, that is
21 going to review all of these issues, or at least the
22 ones you've mentioned so far, in mid-October. That
23 will be the first empirical concrete study that NYGA
24 has done, because NYGA has only -- has only been
25 formed, as I said, within two months ago.

1 But our members, including at Saratoga, and
2 including Empire City at Yonkers, we have many
3 studies. And, although some of them were done for
4 proprietary and competitive reasons, and the owners
5 of them may not want to share all of that
6 competitive information, we certainly are prepared
7 to share them with you, Senator, with the Committee.

8 The one we're having done specifically, we
9 hired somebody who would -- and here's what they've
10 done -- not -- they have been to visit -- this study
11 is going to be, both, macro and micro.

12 We are companions in NYGA, but we're
13 competitors too. Yonkers and Resorts World aren't
14 all that far away from one another. And a lot of
15 studies have been done on what the impact on
16 Empire City will be when Resorts World opens.

17 But, the current study that's being done, the
18 people that are doing it, have not only looked at
19 the state of a whole -- as a whole, they have met
20 with each of the facilities separately, under a
21 confidentiality agreement, that, for example, they
22 won't share Saratoga's information with Empire City,
23 and they won't share his with me. They're a
24 clearinghouse in doing.

25 So the study, when you get it, is intended to

1 show, as I said, the macro economic impact on the
2 state as a whole, in terms of taxes, employment,
3 cap X spend; everything.

4 It's then going to show, regionally, what
5 will happen in Senator McDonald's area, that 50-mile
6 area around there. What will happen, in your area,
7 in the area around Vernon. What will happen in
8 Tioga. What will happen in Finger Lakes.

9 I wish we had that now.

10 I have to tell you, although we're delighted
11 that these hearings are ongoing -- and, shame on us.
12 They caught me a little by surprise, or maybe we
13 would have been able to move this study up -- but,
14 we wanted to be thorough, and exacting. And we're
15 going to get it to you as soon as we can.

16 SENATOR GRIFFO: I think that is going to be
17 important to be shared with us, because, as I
18 indicated earlier, if you're going to undertake this
19 approach, if we are going to seriously consider
20 while we examine the issue, and we're going to
21 consider possible legislation -- and many of us have
22 our own ideas, like myself -- but, I believe that
23 it's important that we're starting from scratch, and
24 it's an -- very important that we do it right.

25 So, that's why everything should be under

1 consideration, everything needs to be reviewed.

2 So, if you can present your case, and why
3 this particular, model, or proposal, would be most
4 effective, but, I don't think that we should
5 disregard others.

6 And that would be the other question I would
7 have for you right now, is: You talked about, we
8 need to be more, I think, serious about
9 understanding the exclusivity agreements, though,
10 too, as we do this. We may have an opinion on that,
11 but there are legal principles and grounds here that
12 going to be involved too.

13 So, if we're going to approach a strategy as
14 to how we move forward, you're not saying that we
15 should just disregard that, are you?

16 JAMES FEATHERSTONHAUGH: No. The State of
17 New York should pursue its rights under the current
18 agreement, if that's what you're saying. That's
19 correct.

20 The State of New York never agreed to
21 provide -- at least my understanding. I've looked
22 at the agreement. I don't know about you,
23 Senator. -- never agreed with the Senecas that they
24 would have exclusivity.

25 They agreed with the Senecas that they would,

1 either, (a) have exclusivity, in return for which
2 they would pay at that 25 percent rate; or, if they
3 didn't have it, they wouldn't have to pay.

4 And I would never suggest that the State
5 should walk away from any of its agreements or
6 obligations.

7 SENATOR GRIFFO: Would you be prepared to
8 modify the proposal if, indeed, that became an
9 issue, where it was recognized that there was an
10 exclusivity issue?

11 JAMES FEATHERSTONHAUGH: I think our current
12 opinion on the exclusivity issue, and I believe the
13 economic study we give you will make the case, would
14 be, that we -- our proposal will provide for the end
15 of exclusivity in Western New York; and, so, the
16 Senecas should not have to pay the 25 percent tax
17 rate.

18 SENATOR GRIFFO: Now, do you believe that we
19 can find, and achieve, a mutually beneficial and
20 cooperative relationship between, say, the
21 Native American existing facilities and any
22 potential growth, and what you're proposing?

23 JAMES FEATHERSTONHAUGH: Sure.

24 SENATOR GRIFFO: And will your study look at
25 this aspect of saturation too?

1 Because, as I said, I have a concern with the
2 fact of localized gaming, because, in the end, we
3 want to try to bring in people from outside of the
4 state, as well as take advantage of major areas of
5 the state.

6 We all know that --

7 JAMES FEATHERSTONHAUGH: May I ask why we
8 wouldn't want to bring in people from outside of the
9 state, Senator?

10 SENATOR GRIFFO: Why we wouldn't?

11 JAMES FEATHERSTONHAUGH: Yes.

12 SENATOR GRIFFO: Well, we do.

13 JAMES FEATHERSTONHAUGH: Pardon?

14 SENATOR GRIFFO: I said, we do want to bring
15 people from outside the state.

16 JAMES FEATHERSTONHAUGH: Oh, (inaudible).

17 SENATOR GRIFFO: You misheard me.

18 JAMES FEATHERSTONHAUGH: No, we believe --

19 SENATOR GRIFFO: What I'm concerned with,
20 Jim, is that, when you talked about localized
21 gaming, that, I think is a problematic, that we're
22 encouraging.

23 I want to generate out-of-state,
24 out-of-country, gaming. People from Canada, people
25 from other states, that are coming here as a point

1 of destination.

2 I was concerned with the comments made here,
3 that we were going to have these local options; that
4 it was an opportunity to go out for the night, like
5 going to the movies. Because, I don't know, that's
6 how you're going to generate income for the state,
7 and it may be detrimental from a societal
8 standpoint.

9 JAMES FEATHERSTONHAUGH: We did a poor job,
10 then, in communicating what we want to do to you,
11 so, let me start over.

12 That's -- that's not at all.

13 We believe, that if you will allow us to
14 compete as full commercial casinos, we will be able
15 to bring people from all over the world, let alone
16 all over the country, here to New York.

17 And you know, what? We won't be able to
18 bring them only to either Aqueduct or Empire City.

19 In July and August, one of the great
20 destinations in the world for people who enjoy
21 gaming or racing, is Saratoga, New York.

22 And, we'll bring them out to dinner with
23 Senator McDonald and I -- Senator, how does that
24 sound? -- because they'll be able to spend the day at
25 the races, and then they'll be able to go to a

1 first-class facility.

2 SENATOR GRIFFO: Under this expansion concept
3 then, and what you're talking about, is making all
4 of these various entities, major resort activities?

5 So, if you're in Broome County or in
6 Oneida County, you're going to be wanting to come
7 from another state, from Atlanta --

8 JAMES FEATHERSTONHAUGH: You will see in
9 the --

10 SENATOR GRIFFO: -- to come up for that?

11 JAMES FEATHERSTONHAUGH: I'm sorry.

12 You will see in the study, the proposals that
13 each of the operators have, and they're different,
14 some are more modest, some are more grand. They are
15 all doable.

16 The -- so, do I think that people are going
17 to leave Monaco so that they can gamble with my
18 friends at Delaware North at Finger Lakes? Probably
19 not, unless they have friends or family in the area.
20 But, I think they might well leave Monaco to gamble
21 with my friends Tim or Christian.

22 SENATOR GRIFFO: And you do believe that they
23 can be successful, also, at Finger Lakes, as a
24 result of the model that you're proposing?

25 JAMES FEATHERSTONHAUGH: Yes. I'm sure of

1 it, and so are they.

2 SENATOR GRIFFO: I'll look forward to the
3 study, and continued conversations.

4 Thank you.

5 JAMES FEATHERSTONHAUGH: Good.

6 SENATOR BONACIC: Senator McDonald.

7 SENATOR McDONALD: Thank you.

8 Thank you, Mr. Chairman, for planning these
9 meetings across the state, the public hearing.

10 And, thank you to everybody who made the
11 presentations. They were excellent.

12 Jim, this is an excellent presentation.

13 Probably more than most, I have a little bit
14 more history with this operation.

15 I go back, with VLTs, before I was either a
16 senator or Assembly representative. But, I was a
17 member -- a senior member of the Saratoga County
18 legislative body, the Board of Supervisors, and,
19 remember the VLT dialogue at that time, and
20 Senator Bruno was in my position, and looked at it
21 from, both, a Saratoga Springs city observation, as
22 well as the Saratoga county.

23 And, I remember that was, actually, the last
24 vote I took on that, and a member of that board, for
25 the VLTs.

1 And you have alluded to a few things that
2 should be mentioned again because they're so
3 significant.

4 The volume of money that you pump into the
5 state of New York, as well, as the generation of
6 taxes in Saratoga Springs and Saratoga County, is
7 significant.

8 It goes, not just to the standard things that
9 we think of, you know, restaurants, and such, but
10 you talked about the agricultural business. Not
11 just in Saratoga County, but for that whole
12 geographic area up there, it's significant.

13 I don't think that I've ever seen anything
14 change, one business so much, in such a short period
15 of time, as the VLTs at the harness track.

16 And as a native of this area, we always refer
17 to that area as "the harness track," even, now, it's
18 the Saratoga Casino and Raceway.

19 The harness track has been revitalized. The
20 horse community up there has been revitalized.

21 But what is especially relevant to people
22 like me, in addition to these other items, is the
23 relationship that has developed, the successful
24 relationship, with the thoroughbred track.

25 If anybody's read recently, the most recent

1 statistics that came out of this year's meet, they
2 are fantastic numbers, considering the economics of
3 our country, in this part of the United States.

4 It has been a place that has attracted people
5 from all over the United States, as well as, Canada,
6 and other countries.

7 And, I don't know the statistics. It's
8 interesting to note, when you're coming out with
9 your survey, the community, and Saratoga, will be
10 coming out with a long-term impact statement of the
11 tracks in our geographic area. And it goes way
12 beyond Saratoga County. It's the whole Capital
13 region that we're part of.

14 That is so important.

15 And that brings up a rule that I have, when
16 we start talking about changing things.

17 The first rule is: Don't hurt what's already
18 successful.

19 Okay?

20 And I say that again: Don't hurt, in all of
21 this rush to change, what's already successful.

22 We have, probably, the most popular and
23 successful racetrack in the United States, in the
24 Saratoga thoroughbred track.

25 The VLT operation out there, I don't know the

1 most recent statistics compared to the other ones,
2 but, certainly, Saratoga Racing -- or, Casino and
3 Raceway is one of the leaders.

4 You have a point, and I think it's page 2, of
5 a geographically balanced, and a fair, okay,
6 distribution of these things.

7 That's critical. We don't want to hurt one
8 community, okay, you know, to help another. We want
9 to help both communities, or all of the communities
10 that we can. And that leads to an overall plan.

11 We have to turn around and do this, so we
12 maximize the money, and we keep the quality of our
13 communities where they are.

14 And, you know, speaking on that quality
15 issue, if anybody wants to see the quality of a
16 community, and how two racetracks and a racino have
17 helped, just, you know, spend the weekend, this
18 coming weekend, up in Saratoga Springs. It doesn't
19 get any better in this part of the country.

20 And I say that with great pride. And a lot
21 of people up there work very hard to make it that
22 way. And it gets better all the time.

23 And it's not just the city of
24 Saratoga Springs. It's geographic area. It's such
25 an important component in the economics of the

1 Capital region.

2 And, that's what we like -- that's what I
3 would like to see as a role model duplicated
4 throughout the state: Respect for the community,
5 respect for the institutions of the community,
6 understanding that we're not looking to become
7 Atlantic City with the crime, and other aspects.

8 We are not New York City, but we are
9 geographically located, that we're a focal point
10 between Canada and different places.

11 And, at the same time, we want to make sure
12 that the other parts of our state are addressed;
13 that their issues, their needs, and their wants in
14 the area of gaming, because we're all part of an
15 extend family in New York State.

16 So, I want to thank you for your
17 presentation.

18 This is not going to be an easy thing.
19 There's going to be a lot of cooperation between the
20 Assembly and the Governor's Office, and some of the
21 things that you brought out.

22 And I would share my concerns with the
23 Chairman about saturation, okay, when I go back to
24 Rule Number 1: Don't hurt what's already working.

25 And it's working very, very good, especially

1 for certain communities, and I happen to be in that
2 community.

3 Thank you.

4 JAMES FEATHERSTONHAUGH: Thank you, Senator.

5 SENATOR GRIFFO: Don't leave us yet. Just a
6 couple other points that I would like to make.

7 JAMES FEATHERSTONHAUGH: Sure.

8 SENATOR BONACIC: You know, we're all
9 concerned with the deteriorating fan participation
10 at racetracks.

11 Do you think it goes without saying, that, if
12 commercial gaming were to proceed, and the people
13 would approve it, it would certainly help the racing
14 industry, bringing more people into the tracks, and,
15 perhaps, enhancing the sport of racing?

16 JAMES FEATHERSTONHAUGH: It depends on what
17 you mean by "commercial gaming," and how you approve
18 it.

19 If you were to approve the proposal I have
20 laid out for you, it would be very creative,
21 supportive of, and helpful to thoroughbred and
22 harness racing.

23 If full-blown commercial gaming were just
24 opened up across the state, which I don't believe
25 the people would ever support, but, if it was, it

1 would be the death of the racing industry.

2 SENATOR GRIFFO: I was referring to your
3 plan, yeah.

4 JAMES FEATHERSTONHAUGH: Yes.

5 SENATOR BONACIC: When I asked to see what
6 you could get a consensus on the issue of
7 saturation, I didn't mean to neglect the Governor's
8 Office, because that's the 800-pound elephant in the
9 room, you realize that.

10 The other thing, as part of your report that
11 you're going to give us, and it may be too late,
12 but, I'm interested in the tax structure of private
13 casinos in other states, as, compared to what they
14 pay the state, compared to what the Native Americans
15 pay in the state of New York.

16 Just -- if it's at all possible, be nice to
17 see that.

18 If it's, you know, the horse is out of the
19 barn, and you can't do that -- and I'm not asking,
20 to do a thesis -- if you picked, like, say, the
21 states that -- that have quite a few casinos, and
22 tell me the tax structure of what they pay.

23 JAMES FEATHERSTONHAUGH: Well, it's different
24 everywhere.

25 SENATOR GRIFFO: No, no, I understand that,

1 but that's why I'm asking.

2 We're trying to get a sense of what the tax
3 structure should be.

4 If you can do it, think about it. Okay?

5 JAMES FEATHERSTONHAUGH: Yeah, we have
6 thought about it.

7 I can tell you, for sure, and -- there's a
8 huge -- I'm sure you're already aware of it, the tax
9 structure for table games simply has to be different
10 than the tax structure for machines.

11 SENATOR BONACIC: No, I --

12 JAMES FEATHERSTONHAUGH: Table games are much
13 more labor-intensive. I don't think that there's --
14 you know, if you looked around the country, 15
15 percent is probably near the top end of the range on
16 table games, than the lowest, isn't it?

17 CHRISTIAN GOODE: Yeah, I would say, that's
18 probably accurate.

19 I mean, just to expand a little bit more, and
20 not go into a thesis here, it is a wide spectrum
21 (inaudible) tax. Illinois's is north of New York's
22 tax rate, and Las Vegas, or Nevada's, is, sub,
23 8 percent.

24 So, we can give you some data on support with
25 that.

1 Obviously, there's a balance between the two.
2 As tax rate goes up, employment goes. If you don't
3 do anything to change that, you know, it's -- you
4 know, you won't get the biggest impact that you may
5 or may not be looking for. So --

6 SENATOR GRIFFO: This is a current, bold
7 question: The Mount Airy casino, I understand, in
8 Pennsylvania, is doing the worst.

9 Have any of you taken a look at it? Do you
10 know why?

11 Have you --

12 JAMES FEATHERSTONHAUGH: I don't think we
13 know why.

14 You want to hazard a guess, Christian?

15 CHRISTIAN GOODE: I'm actually going to -- I
16 would not hazard a guess.

17 I would defer to others, and 8 percent, and
18 they may have an idea.

19 JAMES FEATHERSTONHAUGH: You know,
20 sometimes -- and I'm not suggesting this is the case
21 there, because I haven't been there in a long
22 time -- but, sometimes it's just the operator.

23 The fact of the matter is, that you can, it's
24 not -- it's, certainly, no longer as, if you build
25 it, they will come.

1 You have to build it right, you have to run
2 it right, and you have to make it attractive.

3 So, I don't know what their problem is.

4 SENATOR BONACIC: The reason I asked you the
5 question is, you know, not to distract from the
6 purpose of our public hearing, but, we're having a
7 report on hydrofracking today, issued by the
8 DEC Commissioner.

9 JAMES FEATHERSTONHAUGH: Right.

10 SENATOR BONACIC: And we had hoped that he
11 had looked at Pennsylvania, and all of the other
12 states in this country, to see what their mistakes
13 were as they -- as he goes forward.

14 And that's the only reason I brought up
15 Mount Airy, because you have a plan. And maybe
16 people may learn from other people's mistakes in
17 other states.

18 That was the reason I suggested it.

19 JAMES FEATHERSTONHAUGH: Well, we have looked
20 at Pennsylvania, and virtually every other state,
21 that has gaming, and there are pluses and minuses.

22 And we did that -- I didn't just say, in a
23 vacuum, when I stood here today, that the New York
24 model "should become." Other states should look to
25 us, not vice versa.

1 We did look at things they've done right, and
2 things they've done wrong.

3 In Pennsylvania, for example, when they put
4 in table games, one of the things that happened was,
5 the drop on their slot machines went up by
6 7.5 percent -- 7 percent, I guess.

7 Were that same thing to be replicated here in
8 New York, if we went forward with the plan I laid
9 out, that alone would deliver another \$100 million a
10 year to the children and teachers, and our --

11 SENATOR McDONALD: John, can I have one quick
12 comment?

13 SENATOR BONACIC: Thank you.

14 SENATOR McDONALD: Yes.

15 SENATOR BONACIC: Senator McDonald.

16 SENATOR McDONALD: Thank you, John.

17 It has been talked about, where the money is
18 disbursed for some of these things, the existing
19 casinos and raceways.

20 I want to stress, that, as somebody who lives
21 in an area who is a host to this, the VLT money that
22 goes back to these local communities is very
23 important.

24 People will come to my community because
25 there's good emergency services, police protection,

1 and the appropriate amount of public works on the
2 roads and sewers, and all of the things that goes
3 into making a community a very viable tourist
4 attraction, a safe place, and a place to bring your
5 family.

6 That costs money.

7 So, we don't want to overlook these small
8 communities that host, and, certainly, even New York
9 City, if they were to become a bigger host.

10 And, I say that, because, every budget year,
11 that ends up being a battle that we have to fight,
12 and that's not fair to the local communities. They
13 are expending money. They give money back.

14 And some expend the money, whether they get
15 the money back or not, because they're attempting to
16 drive the revenue.

17 And we want to help those communities.

18 And then you got some communities, like
19 Saratoga, that are driving a lot of revenue. Okay?

20 And for them to continue, and increase that
21 number, they need that expenses, that participation
22 of partnership.

23 SENATOR BONACIC: Senator Griffo?

24 SENATOR GRIFFO: One quick last, question,
25 and thought.

1 As you know, many of the racetracks were
2 struggling, and they came back. We had to make
3 modifications, and the formula relative to the VLT,
4 in order for the track to continue to be successful.

5 Is -- do you envision, as a result of
6 proposal that you're making, and the model that
7 you've described, that there would not be any
8 request to the State for any modifications or
9 assistance in order to facilitate the development
10 and growth of the industry in the projects that you
11 envisioned?

12 JAMES FEATHERSTONHAUGH: We are not going ask
13 the State of New York -- if you go forward with this
14 proposal, we're not going to ask you for a penny.

15 We will have nine shovel-ready projects ready
16 to go. The risk will be ours. The reward will be
17 shared with our partners, the State, which is you.

18 And, by the way, you're the senior partner --
19 if you take a look over there -- so, we're always
20 very respectful of you.

21 And, we have nothing as part of this plan.

22 I think, for eternity, at least in the
23 40 years or so I have been up here, every year,
24 someone will come to you, and say: You know, if you
25 give me a billion dollars, I'll build something for

1 you, and employ some people.

2 But that is not any part of what we're
3 proposing to you.

4 SENATOR GRIFFO: Thank you.

5 SENATOR BONACIC: Thank you very much,
6 gentlemen.

7 Okay, we'll give you a moment to grab your
8 exhibits before we call the next speakers, unless
9 you want to leave them there and pick them up later.

10 It's up to you.

11 Our next set of speakers is: Jonathan Rouis,
12 who's chairman of the Sullivan County Legislature;
13 Allan Scott, who's president of the Sullivan County
14 Partnership; and, Roberta Byron-Lockwood, president
15 and chief executive officer of the Sullivan County
16 Visitors Association.

17 So, I take it, this is a Sullivan County
18 presentation.

19 ROBERTA BYRON-LOCKWOOD: They're going to
20 speak. I'm the backup plan here.

21 JONATHAN ROUIS: She's in case you have any
22 questions.

23 SENATOR BONACIC: Okay, who's going to lead,
24 Jonathan?

25 JONATHAN ROUIS: I'll start, if I could.

1 Mr. Chairman, and members of the Committee,
2 my name is Jonathan Rouis, and I'm chairman of the
3 Sullivan County Legislature.

4 And, I want to thank you for this opportunity
5 to provide testimony on the importance of gaming to
6 Sullivan County, and to New York State.

7 In the interest and respect for your time,
8 you have the full written testimony in front of you.

9 I think, if it's okay, we'd like to make a
10 brief opening statement. And, I would ask my
11 colleagues at the table to speak, also, on some of
12 the issues they would have.

13 But, today, I join you today to voice my
14 opinion on the debate -- not on the debate for
15 Native American or state-run gaming, but to ask you
16 to investigate a multi-layered approach that can
17 expedite a casino here in Sullivan County.

18 I can't overemphasize the importance of
19 gaming to Sullivan County, and the ability to move
20 forward and be allowed to host the casino gaming,
21 and create the economic stimulus as soon as possible
22 for our county, and for the state of New York.

23 With several projects on the horizons that
24 contain both Native American and legalized gaming in
25 their proposals, Sullivan County is poised to break

1 ground with state and federal approvals.

2 Casino gaming should follow the legislation
3 enacted after 9/11 to develop the two areas of the
4 state that needed economic stimulus.

5 The Niagara region has developed casinos, but
6 the Catskill region still waiting for the stimulus.

7 Sullivan County Catskills has a great deal of
8 interest in hosting casino gaming, and our location
9 is conducive to realizing the greatest economic
10 impact for New York State.

11 We think too many casinos scattered
12 throughout state can have a detrimental impact on --
13 not only on each other, but on the economy on which
14 they're located.

15 Two or three casinos clustered in an area
16 could lead to good competition and create a solid
17 travel destination.

18 Sullivan County's location boasts over
19 40 million people without within a two-hour drive.
20 A casino in Sullivan County Catskills will not only
21 draw New Yorkers that are going to neighboring
22 states, but a large portion of New Yorkers that are
23 going out of state.

24 Casinos, as a destination, are effective in
25 attracting tourists and generating new money to the

1 area. They generate taxes, and employment, and
2 contribute to other direct and indirect
3 community-related tourism businesses.

4 The Sullivan County Catskills can once again
5 be recognized as year-round travel and vacation
6 destination.

7 It's important to realize that the New York
8 City market area is the single largest generator of
9 casino visits in America, originating over
10 14.8 million casino trips annually. Of these trips,
11 all are to out-of-state gaming venues.

12 74 percent go to New Jersey, and another
13 13 percent go to the Connecticut casinos. This
14 represents spending that's exported out of our
15 state.

16 (Pauses.) I'm going to skip down a little
17 bit.

18 We need to create jobs and rebuild our
19 economy. Our area has been in economic withdrawal
20 for decades, with the hotels in our area closing,
21 and unemployment in Sullivan County has steadily
22 increased over the past decade, and poverty in
23 Sullivan County has increased, from 13.9 percent to
24 15.8 percent, in 2010.

25 Our area was once a proud resource for

1 New York State. Many New York City residents
2 visited our area, stayed in our hotels, dined in our
3 restaurants, and enjoyed our recreational resources.

4 For the last several years, our economy has
5 been significantly challenged.

6 With the opportunities for Sullivan County to
7 host several casino projects, thousands of jobs in
8 constructions, operation of these casinos, and
9 ancillary businesses can generate a much-needed
10 economic boost, not only to the Sullivan County
11 Catskills, but the entire Hudson Valley region.

12 (Pauses.) I'm just going to skip down.

13 And, you know, again, in the interest of
14 time, I just wanted to -- we have four projects that
15 we currently have on the table in Sullivan County
16 that we believe are shovel-ready.

17 Two contain Native American proposals: one
18 with the Stockbridge-Munsee, and the other with the
19 Seneca Nation.

20 The County has signed impact mitigation
21 agreements with both of these tribes, and they have
22 been tremendous partners up till this point, living
23 up to each and everything that we've asked, and that
24 they've asked us to do.

25 We also have an excellent relationship with

1 the commercial casino gaming industry that's allowed
2 in the state at there point.

3 Empire Resorts facility in the county has
4 been a great partner for the county. It's done --
5 been a good employer for the people in the area.

6 So, we think that the multi-layered approach,
7 with taking this down two avenues, is the best for
8 our county, and it's the best for the state.

9 Allan.

10 ALLAN SCOTT: Thank you.

11 Thank you, Senators, for inviting us to
12 testify today.

13 My name is Allan Scott, and I am the
14 president of the Sullivan County Partnership for
15 Economic Development.

16 First, I would like to thank Senator Bonacic
17 for all the great work he does on behalf of, not
18 only Sullivan County, but New York State.

19 Over the years, our organization, the
20 Sullivan County Partnership for Economic
21 Development, seeks to market Sullivan County,
22 attract, and develop new businesses, as well as help
23 in business retention in the county.

24 We have hundreds of members who are business
25 owners. Over the last several decades, our county

1 has suffered tremendous economic upheaval. Tourism
2 used to be a major industry in our county.

3 Over the last several decades, the economy
4 has suffered, and with that, the tourism industry
5 has significantly declined. Many businesses that
6 supported the tourism industry have also suffered,
7 and the economic downward spiral continues to erode
8 our tax base.

9 We have seen our middle-class dwindle away.
10 It is vital for our community to have a strong
11 middle-class.

12 There is a very simple solution, as we all
13 know, and that is, job creation.

14 I am going to talk about, and advocate, that
15 the State continue to support a multi-faceted
16 approach to gaming.

17 Our state has watched as large hotel gaming
18 projects have developed in Connecticut, New Jersey,
19 and Pennsylvania. It is our time for our state to
20 act.

21 We recognize that the state has made some
22 progress with the VLTs and racetracks, but the
23 larger focus should be on developing tourism
24 destinations that attract out-of-state dollars.

25 For this, we need casinos. After all, the

1 gaming casino element is an amenity to resorts. It
2 is like an attraction for patrons, like golf
3 courses, spas, nightclubs, et cetera. It provides
4 patrons with something to do in the hotels.

5 With gaming, we can spur resort development
6 which will enable our county and state to compete
7 with surrounding states. It is clear that our
8 New York dollars are exiting the state to other
9 venues.

10 We need to stop this exodus. We need to
11 develop -- redevelop the Catskills as a world-class
12 destination.

13 We have very few hotel rooms left in our
14 county. Without question, gaming will help
15 revitalize our tourism industry.

16 The multi-layered, multi-faceted approach
17 that I spoke about, is to continue to push for
18 Indian gaming in Washington.

19 We have recent evidence that these projects
20 can be done.

21 Additionally, if the State is going to move
22 towards legalization, that is also good, but we see
23 this as a moderate to long-term opportunity which we
24 strongly support.

25 But we also desperately need to develop

1 projects now, as tax revenue is needed now.

2 This approach can satisfy many interests, and
3 best serve the people of the state of New York.

4 The Stockbridge-Munsee project, which I will
5 detail below, has done everything the federal and
6 state and local governments have asked for.

7 In a recent decision, the Department of
8 Interior, last Friday, approved two off-reservation
9 gaming projects. This is a significant sign that
10 the current Obama Administration is willing to move
11 forward on these projects.

12 Friday's decision restores our hope that the
13 work Senator Bonacic and U.S. Senator Schumer and
14 our local officials have pursued will finally come
15 to fruition.

16 Now, the naysayers may point to the fact the
17 Department has also -- did not approve two projects
18 last week, and specifically cited that one of the
19 tribes had not demonstrated to the Department that
20 it could effectively exercise jurisdiction over a
21 parcel nearly 300 miles from its existing
22 reservation.

23 We understand that the Stockbridge
24 reservation is over 1,000 miles from the proposed
25 gaming site.

1 However, what is clear fact, is that the
2 Stockbridge have diligently and systematically
3 worked with our local governments for over
4 ten years, in such a way as to clearly demonstrate
5 that they can exercise jurisdiction over the parcel
6 that is proposed to be taken into trust.

7 They have successfully worked on local
8 service agreements with Sullivan County and the
9 Town of Thompson.

10 They have entered into local infrastructure
11 agreements with the Town of Thompson and the
12 Village of Monticello.

13 They have conducted numerous public meetings
14 in the county and town. They have participated in
15 numerous local meetings.

16 They have clearly demonstrated to the County,
17 the Town of Thompson, and the local community that
18 they would be good neighbors, and active in the
19 fabric of our community, while maintaining the
20 sovereign status; a status, where the local
21 government recognizes and fully supports.

22 This message must go to the Department of
23 Interior as they consider the Stockbridge project
24 for approval.

25 The Stockbridge-Munsee casino project is a

1 much needed economic engine that can help
2 Sullivan County begin to reestablish and redefine
3 its tourism industry.

4 Tourism is one of the original green
5 industries. Our county possesses a great wealth of
6 natural resources for outside visitors and locals to
7 enjoy.

8 We have always sought to balance and protect
9 our county's resources, and the Stockbridge project
10 will not deviate from that great tradition.

11 I would again emphasize to you, one our most
12 precious resources is our people. We have to give
13 them good jobs, a decent wage, and not tax them into
14 extinction.

15 Let us look at the economics of this project.

16 The benefits to the local and state economy
17 are unquestionably positive. The Stockbridge
18 project represents a \$680 million investment in
19 Sullivan County and the New York State's economy.
20 It would be built in two phases.

21 The first phase would generate approximately
22 2,400 construction jobs, and with a construction
23 cost of \$350 million. Total construction payroll
24 would \$132 million.

25 The multiplier effect of this \$350 million

1 investment would result in an additional
2 \$321 million of related economic activity, and would
3 support another 1,800 jobs in the New York State
4 economy, with an additional payroll of almost
5 \$90 million.

6 Following Phase One, when the casino goes
7 into operation, it would be expected to create about
8 3,000 new full-time jobs in Sullivan County. These
9 jobs represent a total payroll of approximately
10 \$106.5 million.

11 Additionally, these jobs represent a total
12 payroll of approximately \$106.5 million.

13 Additionally, the ripple effect would create
14 almost another 1,000 jobs in regional economy, with
15 wages and salaries of approximately \$50 million.

16 These numbers speak for themselves.

17 With Phase 1 alone, this project must be done
18 by the state.

19 How could we not embrace this type of
20 economic development?

21 When Phase 2 is built out for each of the
22 7 years of construction, it would generate almost
23 700 jobs per year, of construction, with a total
24 payroll of \$257 million.

25 On top of that, the project would generate an

1 additional 500 construction-related jobs for each
2 year of Phase-2 construction, generating another
3 \$173 million in wages over the 7-year period.

4 When fully built out, the casino would become
5 the Catskills' largest employer, creating an
6 estimated 4,900 new full-time jobs in
7 Sullivan County.

8 It is expected that 80 percent of the
9 employees are expected to come from the immediate
10 Sullivan, Orange, Ulster, Delaware, County areas.

11 The casino payroll would be approximately
12 \$171 million per year.

13 The multiplier, or ripple effect, of these
14 jobs in the New York State economy would support
15 another 1,820 jobs, and a payroll of \$111 million.

16 It is expected that half of these new
17 non-casino jobs would be located in Sullivan County,
18 and the rest of the region.

19 In total, Sullivan County would benefit from
20 over 5,800 new jobs; and the state, as a whole,
21 would gain over 6,700 new jobs.

22 The total payroll for the on-site and
23 off-site non-casino jobs resulting from the project
24 is \$282 million.

25 The casino at full operation is expected to

1 generate total economic output of \$926 million in
2 New York State.

3 I ask, again, how this project does not get
4 done, in the economic environment that we are
5 currently living in New York State.

6 We have a \$10 billion budget gap in the
7 state.

8 And I'm sure you gentlemen are all familiar
9 with it. I'm not telling you anything you don't
10 know already, many, many times.

11 Here is a way that the Hudson Valley and
12 Sullivan County can help to close that gap.

13 Also, the completed proposed project would
14 continue to provide direct payments to
15 Sullivan County, in the amount of \$15 million
16 annually, to address impacts to local services.

17 I would note for the record, that these
18 numbers are derived from the tribe's draft
19 environmental impact statement.

20 Again, our approach in Sullivan County, is
21 not to just advocate for the Stockbridge. Both, the
22 Concord Hotel project, and, the Monticello Raceway,
23 Entertainment Property Trust, projects, are moving
24 forward quickly.

25 Numerous meetings have been had, and plans

1 are underway and submitted weekly.

2 Today we chose to speak of the
3 Stockbridge-Munsee project.

4 The Monticello and racino Concord projects
5 demonstrate the same economic vitality and quality.

6 We fully, and we equally, support all three
7 projects, and Sullivan County has been approved for
8 three locations.

9 I am happy to point out that many members of
10 this Committee, including the Chairman, have
11 supported casino gaming in the Catskills for many
12 years.

13 Senator Bonacic, we appreciate your support
14 in 2001, when you voted to authorize three Indian
15 casinos in the Catskills. And, also, in 2005, when
16 you voted to authorize the Mohawk casino at
17 Kutsher's Hotel.

18 These votes by you, and other members of your
19 Committee, show the kind of commitment that is
20 needed to rebuild the economy of our county, region,
21 and state.

22 We hope that you would continue to support
23 the efforts to bring gaming to Sullivan County and
24 rebuild our tourist industry. Rebuilding our
25 tourism industry rebuilds our middle-class. This

1 will, of course, have a positive economic effect to
2 other businesses, including the raceway industry.

3 Regarding the issues raised concerning
4 environmental protection, the tribe has completed a
5 full environmental impact statement, under NEPA.
6 Every issue was addressed through this lengthy
7 process.

8 One of the issues raised is the protection of
9 the New York City watershed.

10 I testified before the New York City Council
11 recently on this issue.

12 First, and most importantly, the New York
13 City Department of Environmental Protection
14 testified, there would be absolutely no impact on
15 the watershed.

16 I would like to remind this Committee, that,
17 when there were hundreds of hotels in
18 Sullivan County, and millions of people traveled to
19 our county in the '50s and '60s, there was not an
20 issue raised about the tourist industry damaging the
21 watershed.

22 Given the fact that all these hotels have now
23 vanished, it is perfectly reasonable to conclude,
24 that, by redeveloping the tourism industry to its
25 previous level, we would not see any negative effect

1 on the watershed, or the towns that surround that
2 resource.

3 There used to be hundreds of hotels. Also,
4 when we had a very vibrant tourism industry, the
5 Monticello Raceway would attract fifteen to
6 twenty thousand on some nights.

7 In conclusion: We need jobs, and we need
8 jobs.

9 The Stockbridge project is an opportunity,
10 not only to create thousands of jobs, but to
11 reenergize a once vital industry, tourism, in an
12 economically impoverished area.

13 Sullivan County was once a renowned tourist
14 destination.

15 The Stockbridge project would be a
16 world-class facility that, with others, would --
17 world-class facilities, like Bethel Woods, help our
18 green tourism industry to thrive again.

19 The project has looked at the environmental
20 issues. A full EIS has been drafted.

21 Once again, I would like to point out, that
22 we support, equally, and fairly, all three
23 projects -- Entertainment Properties Trust,
24 Empire Resorts, Monticello Raceway -- the
25 Stockbridge-Munsee project, and the Concord Hotel

1 project.

2 We have talked today about the issue of
3 saturation.

4 We have talked today about the support in the
5 local communities.

6 We have talked today about the importance of
7 attracting out-of-state dollars.

8 And Senator Griffo was talking about that,
9 repeatedly.

10 What we advocate, through these three
11 casinos, is just that. It would be a cluster
12 advocacy of casinos.

13 We do not suffer from saturation. We have
14 the infrastructure in place, and we have planned
15 infrastructure, to accommodate all three projects in
16 Sullivan County.

17 Thank you very much for your time.

18 SENATOR BONACIC: Any questions of the
19 gentlemen?

20 Just let me say: Thank you very much for
21 your testimony, and coming here today.

22 Sullivan County is fortunate to have
23 three competent leaders who are trying to bring
24 economic vitality in tough national economic times.

25 One thing I think is worth mentioning, I

1 happen to think Sullivan County is one of the prime
2 counties in the state of New York to have a very
3 successful casino gaming operation, but, there has
4 to be a resort destination with it.

5 Sullivan County is fortunate to have the
6 beauty and the resources of four seasons, where
7 people can enjoy themselves --

8 ALLAN SCOTT: Correct.

9 SENATOR BONACIC: -- and never walk into a
10 casino.

11 And, the Catskill name, the Concord, the
12 Grossinger's -- the branding name -- is still very
13 positive.

14 ALLAN SCOTT: Still very much alive.
15 Still --

16 SENATOR BONACIC: People talk of the
17 Catskills with a smile, and great memories, whether
18 the people from the city, whether, it's a father, or
19 grandfather, they have a positive image of
20 Sullivan County and the Catskills.

21 And if we can rebuild Sullivan County -- and
22 Bethel Woods is wonderful. Elton John was there
23 this past weekend; over 17,000 people.

24 And if we can complement that, with a resort
25 and place to stay, and keep people in

1 Sullivan County, that's the goal; that's what we
2 will continue to work hard for.

3 I thank you for your efforts.

4 ALLAN SCOTT: Thank you, Senator.

5 And, thank you for coming.

6 Our next speaker is: Joseph D'Amato, who is
7 the chief executive officer of Empire Resorts; along
8 with, Charlie Degliomini, who's the vice president
9 of Governor Relations; and Tom Lies, who's president
10 of Entertaining Property Trust.

11 Now, before you gentlemen speak, I saw
12 11 pages here. So, if you want to make a favorable
13 impression on this Committee, please don't read the
14 11 pages.

15 JOSEPH D'AMATO: I think we heard you plain
16 and clearly at the start of the meeting.

17 CHARLES DEGLIOMINI: Yeah, we're going to try
18 and summarize, and breeze through this,
19 Mr. Chairman.

20 My name is Charlie Degliomini. I'm the
21 executive vice president of Empire Resorts.

22 Seated with me is my CEO, Joe D'Amato.

23 And, Tim Lies, is the project manager for
24 Entertainment Properties.

25 Tim, a little later on, will address how the

1 proposed constitutional amendment is going to impact
2 non-gaming investment.

3 And, then, we'll have Joe also speak about
4 the specific issues, you know, relating to the
5 benefits of casino development in New York State.

6 I'm just going to, initially, somewhat
7 disagree with the last panel. Joe will probably get
8 it into a little bit more.

9 We are convinced, as the existing gaming
10 operator in Sullivan County, multiple casinos,
11 especially off-reservation casinos, in
12 Sullivan County, do not make sense.

13 A cluster model, as the Oneida panel
14 testified, is problematic. You know, in New York
15 State, it would be specifically problematic in
16 Sullivan County, where we have a very challenging
17 rural market.

18 And as the chairman indicated, we need to
19 create a destination model, which Tim is going to
20 get into is a little bit.

21 Just briefly: Our current facility has
22 contributed about \$192 million to New York State
23 education, and \$62 million in payroll, and over
24 \$32 million to our purses to our harness horsemen.

25 Just another brief comment about our

1 horsemen: We consider them to be our partners. All
2 of our discussions about a constitutional amendment
3 are inclusive of the horsemen. We see them as
4 someone who are going to be sitting with us, side by
5 side, as we move forward in discussing with you, and
6 others in state government, the constitutional
7 amendment.

8 You know, our operations have been
9 challenging.

10 The 2011 New York State budget removed
11 1 percentage point from our vendor rate. We also
12 lost, with our partners, the horsemen, \$7 million in
13 payments from New York City OTB.

14 This year, though, we're looking forward, and
15 not looking toward the past.

16 Entertainment Properties and Empire Resorts
17 have announced term sheet for the joint development
18 of 1,500 acres at the Concord Resort property.

19 Our estimated investment would be, from
20 Empire Resorts' perspective, \$250 million, including
21 the construction of a new racetrack, casino, and
22 hotel, and related amenities.

23 Ultimately, the total property investment
24 would be \$600 million.

25 If table games in the industry-standard slot

1 machines were approved by the citizen of
2 New York State, that investment would gross
3 significantly, and provide much more employment to
4 the Sullivan County community.

5 Throughout New York State, commercial casinos
6 would create jobs in both construction and permanent
7 full-time positions, which the NYGA panel covered
8 extensively, and I'm not going to cover that here
9 again.

10 As in discussions with -- about
11 constitutional gaming, the issues related to
12 Native American casino must be addressed.

13 Our company, Empire Resorts, is acutely aware
14 of the arguments for and against off-reservation
15 gaming, as Empire has its own very visceral history
16 with Native American gaming.

17 I think the Senator, the Chairman, knows me
18 for almost ten years, and knows me as someone who
19 has been involved in Native American gaming, as
20 Empire has looked at from its own perspective.

21 And I think one of the things we found out,
22 about a year ago, with our new board of directors,
23 and our new management team, we did a deep dive into
24 the issue, and we looked at the feasibility of
25 off-reservation gaming, just as a business

1 opportunity for our company.

2 And when we completed our review, we ceased
3 pursuing off-reservation gaming for two very
4 important reasons.

5 First: Tribes have come to stop payments to
6 New York State. I think it's the elephant in the
7 room.

8 There's, currently, over \$300 million worth
9 of payments that the tribes owe New York State, that
10 are not being paid.

11 As a publicly traded company, it would be
12 difficult for us, and impossible for us, as
13 managers, and executives, who don't enjoy sovereign
14 immunity, to be aligned with any entity that would
15 have the temerity to stop hundreds of millions of
16 dollars of payment in New York State.

17 And just from a business perspective, we
18 would only end up, these days, with a five-year,
19 possibly a seven-year, management contract, versus
20 owning our own facility, forever, in perpetuity.

21 So, from a business perspective, we believe
22 that off-reservation gaming always dies a certain
23 death.

24 And I think the Senator was recently in
25 Washington, looking at it, and finding out for

1 himself, what -- you know, what the current BIA
2 perspective is.

3 And I think that we can come -- our company,
4 at least, has come to the conclusion, that the
5 definition of "insanity," is continuing to do the
6 same thing over and over again, and expect a
7 different result.

8 So, for that reason, we think, tribes who
9 want to go out and reservation-shop, and come to the
10 Catskills and get involved, just because we think,
11 or we read a headline, that it might be possible, we
12 have a ten-year record that tells us, you know, much
13 differently.

14 You know, our industry, and our harness
15 horsemen and our breeders, must be -- our interests
16 must be protected through the constitutional
17 amendment. And we think that NYGA has laid out a
18 very good plan to do that.

19 As we look at commercial casino gaming, there
20 are other important aspects that we must address.

21 First: The state should divide the revenue
22 received from gaming.

23 And we understand this is the purview of the
24 Committee, and not our purview; but, given a fair
25 tax rate -- and other members of the government, but

1 given a fair tax rate, the tools to compete with
2 surrounding states, we will more than have the
3 ability to be the economic engine in
4 Sullivan County, that the prior panel was
5 discussing, that's -- that's needed.

6 And at this point, I'm going to turn it over
7 to Joe for comment.

8 JOSEPH D'AMATO: Thank you, Charlie.

9 Again, appreciate, Mr. Chairman, and
10 members, the opportunity to say a few remarks in
11 front of you.

12 With my gray hair, I come with 30 years of
13 gaming experience. And, about 41 years of
14 management, finance, operations, marketing, in a --
15 primarily in the hospitality business. And, 30 --
16 as I said, almost 30 years in gaming.

17 Four of those years -- 4 1/2 of those years,
18 I was COO and CFO of a tribal gaming tribe, and a
19 tribal gaming operator, in New York. So, I
20 understand, fully, the benefits of exclusivity.

21 Number one: It does restrict competition
22 from coming in, commercial competition, because, as
23 I think the Senators were talking, you got to make a
24 choice.

25 The zone of exclusivity provides a certain

1 exclusivity fee, based on having an exclusive zone
2 to operate. No competition.

3 If you bring in commercial casinos, I
4 believe, under that compact, that you can no longer
5 collect the fee.

6 It's not being collected anyway right now,
7 because of the dispute, but, I believe, under the
8 compact, and knowing that compact, you have a
9 choice.

10 And I agree with Jim, Mr. Featherstonhaugh,
11 that we would more than make up for any lack of --
12 for loss from that.

13 Second of all: It provides an operator a
14 distinct advantage of reinvesting in their property
15 and in their players, which is critical in the
16 gaming business.

17 Previously, we had talked about remarks, or
18 had said, that, well, let Monticello Casino Raceway
19 compete, similar to tribe -- similar to the casinos
20 in Atlantic City and Nevada.

21 Well, in Atlantic City and Nevada, the tax
22 rates are the same. State doesn't pick winners and
23 losers.

24 If I have an effective tax rate, as it's,
25 currently, somewhere around 60 percent, and a

1 Native American tribe has an effective tax rate,
2 blended with table games, of 16 to 18, it's very
3 hard for me to compete, and reinvest in the
4 facilities.

5 My belief is, that, if there is a further
6 expansion of Native American gamings in New York
7 State, the -- all of the VLT operators will suffer.
8 And, as a result of that, I think the impact on the
9 racing industry, as well as the Education Fund, will
10 be adversely impacted.

11 I have said -- as I indicated, I spent most
12 of my time on the East Coast, in gaming.

13 I can tell you, the East Coast gaming model
14 is not what it was to 30 years ago when I got in.

15 When I got started, it was: Atlantic City on
16 the East Coast. And, principally, Las Vegas and
17 Nevada gaming.

18 That was it.

19 You take a look at the East Coast market
20 today, you can start: Maine has it. Rhode Island
21 has it. Massachusetts is very close. Connecticut,
22 Delaware, New Jersey, Pennsylvania, New York,
23 Maryland, Ohio.

24 You're surrounded.

25 And to Senator Griffo's issue, the

1 convenience gaming market is what's dramatically
2 changed.

3 Gaming customers have a choice today. They
4 stay close to their home, and that's what they do.

5 They make a selection.

6 Will they go to Las~Vegas? Yes, but it's not
7 as much.

8 We used to live in Atlantic City on the
9 convenience gaming market. And the convenience
10 gamer was, anyone with 2 1/2 hour drive to us. They
11 would spend 6 to 8 hours, and we would live on that.

12 That market's not there anymore.

13 So, the second part to that, building
14 resorts, as the Senator's indicated, to bring, not
15 only key customers, get New York dollars here, but,
16 also, import dollars, so that we can compete with
17 casinos in Pennsylvania and New York and New Jersey.
18 And, by offering the full amenities, as, Senator,
19 you had indicated.

20 We're in full support of the constitutional
21 amendment that NYGA had presented, before you.

22 I don't think it's worthwhile for me to
23 rehash things that they said.

24 I think the one thing, though, we are already
25 existing in the communities. All the VLT and racino

1 operators are existing in the communities already.

2 The expansion with table games and Class III
3 gaming would not be a stretch for these communities.
4 We're already accepted, we already employ people,
5 and we're already invested there.

6 We also believe that benefit would be, that
7 the economic development would be spread across the
8 state, so that one region would not benefit against
9 another region.

10 Finally, in the area of -- Tim will speak
11 more about EPR -- but, when we're talking about what
12 we want to do in Sullivan County, we're talking
13 about 1,500 acres of development. We're not
14 talking, solely, about a casino resort.

15 It will be a major development in
16 Sullivan County. The initial investments, we think,
17 will succeed between the parties -- that, Tim will
18 talk, possibly -- the development, and the other
19 areas, besides the gaming, will be significantly in
20 excess of 600 million.

21 Charlie has talked about, that, some jobs; we
22 would probably, in the initial phase -- and we're
23 committed to the initial phase, whether the
24 constitutional amendment passes or not -- we're
25 talking, probably, 1,200-plus construction jobs, and

1 700-plus full-time jobs.

2 And I think, with other development in the
3 area, we will exceed the \$600 million, and
4 1,000 jobs.

5 If the constitutional amendment is passed, we
6 will expand, what we consider to be the development.

7 And what we're talking about here, as Charlie
8 touched on it, is a full resort.

9 It would have: Spa. All the amenity; hotel
10 rooms, restaurants. Golf course operations,
11 including the Monster and the International.

12 Finally, I'll close with, the benefits to the
13 Sullivan County.

14 I think these are obvious to the Senators.

15 They include:

16 Higher real estate taxes;

17 Occupancy taxes from hotel rooms;

18 Full-time permanent jobs, with benefits;

19 I think a revitalization of the housing
20 development, in Sullivan County, and the other
21 counties that surround it;

22 The local retail-marked stores will benefit,
23 and, we believe are also a catalyst for further
24 economic development beyond what we're planning on
25 doing.

1 And, finally, we also believe there would be
2 a reduction in government-subsidized payments to
3 individuals as more people come off of welfare and
4 unemployment rolls.

5 Just, we'll simply state: We believe in
6 the -- and support, the constitutional amendment to
7 provide for Class III gaming in New York State
8 within the racinos that exist currently.

9 And with that, I'll turn it over to Tim, for
10 some comments.

11 TIMOTHY LIES: Thank you, Joe.

12 And thanks, Mr. Chairman, members of the
13 Committee, for having me here.

14 My name is Tim Lies. I'm with
15 Entertainment Properties Trust. We're a publicly
16 traded specialty REIT; which is, "real estate
17 investment trust."

18 And we invest all across the country. We
19 have about 3 billion in assets, primarily in
20 megaplexes, movie theaters; and surrounding
21 properties, entertainment districts, around those
22 theaters. We also have, in the charter schools, ski
23 parks, some of them nearby here. And water parks as
24 well.

25 We're no strangers to New York. We have been

1 here quite a while. We own the New Rock Shopping
2 Center in Westchester County. We have about
3 \$100 million invested in that project.

4 And, in Sullivan County, we own 1,500 acres
5 at the proposed site. We're working with our
6 prospective partners, Empire Resorts.

7 That project, we've invested \$180 million
8 already. And, we're excited to get that site
9 activated and moving forward.

10 With that said, I'm not an expert in casinos.
11 That's not what I do. It's not really the core of
12 the company.

13 We are experts in entertainment complexes and
14 the surrounding properties. So, we see the casino
15 as a catalyst for future development.

16 It'll consume, two, maybe three hundred acres
17 of our property. That still leaves us with well
18 over a thousand acres for other investment
19 opportunities.

20 To that end, we've hired Hart Howerton, a
21 respected and well-renowned planning firm out of
22 New York City, to do a comprehensive and strategic
23 master plan for the property.

24 First, and foremost, they want to site the
25 casino, and accommodate the casino, on our property,

1 and do an excellent job.

2 But, secondarily, they want to create the
3 environment for future -- other investment, and a
4 destination at our site, so that we can then have
5 other investors come to the site, build those things
6 that want to co-locate next to the casino.

7 We're here, supporting the amendment, because
8 we see it does a few things.

9 As many of the experts here have attested, it
10 stops leakage to other states. And we think we need
11 to create destinations on our site. Being
12 completely selfish, we want people coming to our
13 site, and spending their dollars there.

14 So, if we could stop leakage out of New York,
15 that's important to us.

16 Secondarily, we believe that people will stay
17 longer. If they stay longer, decide to spend the
18 night, then there's higher needs for lodging, for
19 places to eat. Maybe shopping, other things.

20 Also, if they're staying longer, the chance
21 is, they will use our golf course, use our other
22 facilities.

23 We'll build tennis; which I know, Senator,
24 you enjoy tennis.

25 We'll try and get these other uses built at

1 the site.

2 And then, the final point, is that we also
3 think that there will be a higher level of a spend.
4 Not only will they just spend a little bit and go
5 home, but the dollars they spend will be greater.
6 There will be demands for better-quality lodging,
7 the spas, and the things that people have mentioned.
8 And, also, higher-level boutiques and shopping.

9 So, that's really our goal: to stop the
10 leakage, and to get a higher level -- longer stay,
11 and a higher level of spend, for the remaining
12 property.

13 We support our partners. And we think that
14 the revitalization that we'll bring to
15 Sullivan County will be significant. I.

16 Can't quote specific numbers in research.
17 We're working on those things now.

18 We're doing, specific -- through the
19 master-planning process, we're doing market and
20 retail research.

21 So, we will have some numbers to share in the
22 future, but we don't have those now.

23 Really, what we're -- what our goal is, is to
24 create a sustained economic engine, for the county,
25 for the state.

1 SENATOR BONACIC: Thank you.

2 Before I give my comments, I was remiss in
3 not introducing Mr. Gerard Savage, who's the chief
4 of staff for Senator Hassell-Thompson, who is my
5 ranker on Judiciary.

6 Senator Thompson is in the district, with
7 problems they're having with the aftermath of the
8 Hurricane Irene. And she's there, helping the
9 people, and she apologizes for not being here.

10 Thank you for being here, Mr. Savage.

11 GERARD SAVAGE: You're welcome, sir.

12 SENATOR BONACIC: First of all: I want to
13 thank you for your ten-year endurance in
14 Sullivan County.

15 Thank you for the jobs that you've created.

16 Thank you for the contributions that you've
17 made to education.

18 You are valuable partners.

19 My questions will be more directed to, Tim,
20 if I may.

21 Now, do you intend to locate the racetrack on
22 the property that you purchased, next to the
23 Concord? The old Concord?

24 Or, you can -- whoever would like to answer
25 that question.

1 JOSEPH D'AMATO: Our plans are to build it on
2 the approximately 1,400 acres -- or, approximately,
3 1,500 acres they currently -- EPR currently owns,
4 which would not be at that -- the other site.

5 So, the plans we're currently developing
6 would be, to include the racetrack, pretty close,
7 not tied directly to the new facility that we would
8 build.

9 So, this would be a completely new facility,
10 not only casino and hotel, structured parking, and
11 those amenities, but, also, with a simul- -- with a
12 state-of-the-art simulcast and racetrack facility.

13 SENATOR BONACIC: Okay. Does that mean that
14 you would then abandon the old racetrack?

15 JOSEPH D'AMATO: Not completely.

16 Our plans are, and even in talking with the
17 EPRs, that we would also study as to the best uses
18 for Monticello. But, we'd would probably keep the
19 back -- we would have to keep the back-stretch area
20 open, with all the support facilities that are --
21 exist there right now.

22 We would not duplicate the back-stretch area
23 in the new facility.

24 SENATOR BONACIC: You know, I know
25 Empire Resorts pretty well, having represent

1 Sullivan County.

2 I'd like you to talk, if you would, about the
3 investment that you would make in entertainment,
4 unrelated to gaming.

5 And, tell us what you're good at, what you've
6 done across the country, and what you would bring to
7 Sullivan County, as an adjunct to the resort and
8 gaming industry.

9 TIMOTHY LIES: Right.

10 Across the country, we invest in
11 entertainment, primarily, as I said, movie theaters
12 is the core. It probably represents well over half
13 of our business; AMC, and other major movie cinemas.

14 SENATOR BONACIC: Excuse me, Tim.

15 Is the mic on?

16 TIMOTHY LIES: Sorry.

17 SENATOR BONACIC: Can you speak into the mic?

18 TIMOTHY LIES: Okay, sorry.

19 So, our core is really in the entertainment
20 area.

21 We also invest in water parks, ski hills, and
22 public charter schools.

23 I'm not sure this is a market for a public
24 charter school at the moment. We understand, we're
25 actively looking at New York as a state.

1 The type of people we are currently talking
2 to, and marketing the site to, are exactly those
3 types of uses.

4 There are theme park-like operators that
5 would provide a second gate at the site; a second
6 attraction, to do a destination.

7 We also know the site could support some
8 level of hospitality, maybe other hotels and other
9 hoteliers.

10 That's not really where we invest, but we
11 are, obviously, around a lot of other developments
12 around the country, and we know who those people
13 are, and we're talking to them as well.

14 I don't have a specific plan of what we're
15 doing. That's what we're doing now, is the market
16 study, to see what makes sense.

17 You know, the economics over the last five or
18 ten years have changed. And, we really want to be
19 putting together a plan that's sustainable, going
20 forward, and that's really what we're looking at.

21 And with the casino as the anchor that we
22 cluster our development around, that's really our
23 goal.

24 But, you know, can't give you a list of, we
25 will bring this, this, and this, today.

1 Hopefully, a year from now, a few months from
2 now, I will.

3 SENATOR BONACIC: And, as I understand it,
4 your principal place of business is, in Kansas?

5 TIMOTHY LIES: Well, we are --

6 SENATOR BONACIC: Kansas City?

7 TIMOTHY LIES: Well, we are in Kansas, but,
8 with the amount of investment we have at this site,
9 at New Rock, you know, we're pretty interested in
10 New York as well.

11 SENATOR BONACIC: And does -- would your plan
12 include unionized labor, if you went forward with
13 your investment, for recreation and amusement, you
14 know, adjacent to the old Concord?

15 TIMOTHY LIES: Well, we -- again, we would be
16 investors, and that would be left up to the
17 operators and the people. But, I assume that would
18 be the case.

19 I don't know about their investment
20 (indicating).

21 SENATOR BONACIC: I know how (inaudible) --

22 JOSEPH D'AMATO: For us, it's an easy answer,
23 Senator.

24 But, yes.

25 CHARLES DEGLIOMINI: Yeah.

1 SENATOR BONACIC: Yeah.

2 JOSEPH D'AMATO: Yes.

3 And I think, based on the area, probably most
4 of the others. At least on the construction site,
5 definitely.

6 SENATOR BONACIC: Thank you.

7 Senator Griffo.

8 SENATOR GRIFFO: Joe, you said that you had
9 many, many years in hospitality --

10 JOSEPH D'AMATO: Uh-huh.

11 SENATOR GRIFFO: -- and gaming.

12 When you talked about what's taking place,
13 when you look at the landscape, particularly now,
14 state by state, how do we stand apart then, if we
15 get into the industry, and we talk about becoming
16 points of destinations?

17 Obviously, the Metropolitan area stands for
18 itself.

19 What makes it unique, and how do you stand
20 apart, so that you're able to, attract, and to bring
21 in the revenue that is anticipated, when you have
22 all of this taking place now, because every state is
23 looking at the same concept of convenience gaming?

24 JOSEPH D'AMATO: I think you have to balance
25 the two, Senator, but let's talk about, I think each

1 of the nine would have to present something
2 different. I don't think there's a cookie-cutter.

3 They talked a little bit about what
4 Resorts World would do.

5 I think, maybe what Yonkers would do would be
6 different.

7 What we would do, probably, would be a little
8 bit -- somewhat different than, maybe, Finger Lakes.

9 What we would try to do, is, build a
10 full-service resort hotel, with the related
11 amenities.

12 As I sit in front of you, if I told you that
13 we got 10 percent of our business from a neighboring
14 state that I do absolutely limited amount of
15 marketing, because I don't have the advertising
16 dollars, you'd probably be shocked.

17 And, it's not Pennsylvania.

18 We get approximately 10 percent of our
19 revenues from New Jersey.

20 Our ability to market into New Jersey, and
21 parts of Pennsylvania, are substantial. I mean,
22 we're close to those areas. You have Sussex and
23 Bergen Counties in New Jersey.

24 And, for those people, there's an option.
25 They can -- if we build a resort like this, they can

1 come to us. They don't have to go to Atlantic City.
2 We're closer than what's up in the
3 Northeast Pennsylvania area.

4 So, it's about -- I think the operators and
5 the owners, working with -- obviously, with the
6 State, has to build what makes sense for their area.

7 And, for us, we can't survive -- in
8 Monticello, you can't survive on convenience gaming;
9 because, if you have Yonkers and Aqueduct sitting in
10 the New York Metropolitan area, I mean, that's a
11 major convenience gaming market for them. Plus,
12 they'll have a lot of tourism out of just what the
13 tourism business in New York City drives.

14 So, we have to have the ability to expand our
15 game -- convenience gaming market a little bit over
16 what it is, so, that would mean going into
17 Westchester County. But, then, my -- our biggest
18 opportunities is, really, to start bringing people
19 in, two to four days. A complete stay, similar to
20 what Tim was talking about. Providing the
21 amenities.

22 And, Senator, you talked about the
23 four seasons? Absolutely.

24 We even talked; there's a small hill that
25 people can learn to ski on the resort property.

1 So --

2 SENATOR GRIFFO: When you talk about
3 profitability, that's one component. Then, there's
4 the component of survivability.

5 So, you heard a number of other speakers come
6 in, and talk about, how you could handle a number of
7 facilities in, say, Sullivan County.

8 What is your perspective, if you were to have
9 either Native American gaming, and you know there's
10 another individual's interested in putting a
11 facility in your area, is that -- can you complement
12 each other, or would it be destructive?

13 JOSEPH D'AMATO: I think the area cannot
14 support three full-scale gaming operators in that
15 fashion.

16 Allow me, maybe, to bring up, people spoke
17 about Mount Er- -- Air- -- Mount Airy, earlier.

18 Excuse me.

19 Since I opened that property, since I
20 operated it for two years, I can tell you what
21 happened to that property. And this was NYGA talked
22 to you about, and I think some of the Senators were
23 talking about.

24 The property was doing fairly well, until
25 Beth Works opened in the Allentown, Bethlehem, and

1 Easton area. That cut off a substantial part of
2 the -- a good business from the Allentown,
3 Bethlehem, and Easton area. That was a very
4 profitable business.

5 When that property opened, at full resort, it
6 couldn't compete.

7 Now, that resort is about, 30 miles away?

8 And, now -- so, I think, as you go through
9 the planning process, you got to consider what sits
10 on your neighboring area. And you -- you're -- if
11 constitutional gaming goes through, you -- you'll
12 have, Yonkers, and Aqueduct, sitting there.

13 And I just find it hard, in my opinion, as
14 someone who has seen the sea-change in this
15 business, to say that three full-scale gaming
16 operations, with full resort amenities, will
17 operate.

18 You know, \$600 million is the representative
19 from Stockbridge. That's a lot of -- that's a
20 sizable investment.

21 You have two or three investments such as
22 that, it's hard.

23 SENATOR GRIFFO: And would you share that
24 perspective relative to racing, obviously, too,
25 then?

1 TIMOTHY LIES: Pardon me?

2 SENATOR GRIFFO: Would you share that
3 perspective relative to racing, like tracks?

4 JOSEPH D'AMATO: Yes, sure.

5 SENATOR GRIFFO: Okay. Thank you.

6 TIMOTHY LIES: Yes.

7 And the reason we're able to, we have a
8 reasonable racing operation, is that, we really
9 don't directly compete with any other track. So,
10 it's -- it provides some degree of profitability for
11 us in that type of industry.

12 But, if there was another track right next
13 door to us, I don't know how -- again, in
14 Sullivan County, how you would survive.

15 SENATOR GRIFFO: Thank you.

16 SENATOR BONACIC: I want to thank all three
17 gentlemen for coming today.

18 And, we will continue the dialogue.

19 Thank you very much.

20 CHARLES DEGLIOMINI: Thank you.

21 JOSEPH D'AMATO: Thank you.

22 TIMOTHY LIES: Thank you.

23 SENATOR BONACIC: Our next speaker then, is:

24 Josh Gold. And, he's director of Political and
25 Strategic Affairs, New York Hotel and Motel Trades

1 Council.

2 Josh, good afternoon.

3 Thank you for your patience.

4 JOSH GOLD: Thank you.

5 Good afternoon, Senators.

6 I want to, first, take this opportunity to
7 thank, Senator Bonacic, and the members of -- or,
8 all the Senators that are here today, for taking the
9 time to begin what should be a series of good,
10 important discussions around the future of full
11 casino gambling here in New York.

12 It's a subject that deserves serious
13 conversation, and we hope to play a constructive
14 role that in dialogue in moving forward.

15 My name is Josh Gold, and I'm political and
16 strategic director for the Hotel and Motel Trades
17 Council. We represent 30,000 hard-working
18 New Yorkers in the hospitality industry throughout
19 the state.

20 The current discussion about gaming in
21 New York is a very important and very serious
22 conversation. The consequences of the decisions
23 that we make, as a state, will be far-reaching and
24 long-lasting.

25 Success cannot be defined solely on how many

1 big new casinos are built, or what kind of
2 restaurants and events come in, but by whether or
3 not the citizens of New York will be better off than
4 they are today.

5 At its best, a thriving gaming industry can
6 offer recreation and entertainment to residents and
7 tourists, it can lure visitors, and stimulate the
8 local economy by providing good-paying jobs, with
9 healthcare benefits and pensions.

10 At its worth -- worst, sorry, gaming can
11 drain local economies and government resources, ruin
12 the social fabric of a community, and depress wages.

13 Absent the firm guiding regulation and
14 leadership of the State, the gaming industry will
15 pay workers low wages, provide little or no
16 healthcare, and little or no retirement benefits.

17 Workers will go home from bad jobs with
18 little to give back to their communities. Workers
19 will need healthcare coverage and retirement support
20 for themselves and their families.

21 State and local governments will be left to
22 pick up the tab, and New Yorkers and taxpayers will
23 suffer.

24 There are some people who oppose gaming for
25 ideological reasons. We respect their views, and

1 expect our elected officials and the public to give
2 careful thought to the question throughout the
3 lengthy process of considering a constitutional
4 amendment.

5 However, here today, as representatives of
6 hard-working New Yorkers, the key question for us
7 is, not whether to have gaming or not, the question
8 is: If we expand gaming, what kind of industry will
9 it be, and what will be its impact on New Yorker?

10 Will the future of gaming look like the
11 racino at Aqueduct -- or, the future racino at
12 Aqueduct, where workers will collectively bargain
13 for fair wages, healthcare, and pensions; where
14 workers can speak up about abuse and discrimination?
15 Or, will the future of gaming look like other
16 casinos, where workers are paid substandard wages,
17 have no collective bargaining rights, and have
18 limited protections from abuse and discrimination in
19 the workplace.

20 These are the questions that must be
21 addressed in any consideration of constitutional
22 amendments.

23 Going forward, it is the responsibility of
24 state leaders, including the elected officials in
25 this room, to set the bar high, and hold the

1 industry accountable.

2 State leaders must ensure that gaming helps
3 New Yorkers, and lifts the New York economy.

4 There's a lot of talk right now about
5 creating jobs, and for a good reason.

6 The extended economic recession has left many
7 New Yorkers unemployed or underemployed. Certainly,
8 more jobs are needed.

9 Job creation is often the carrot that gets
10 dangled in front of the public when expansion of
11 gaming is discussed, but we cannot make mistakes in
12 haste, and we cannot assume that gaming is, in and
13 of itself, a cure-all.

14 Should this State move forward with granting
15 an industry the privilege and opportunity of full
16 casino gaming, the State must recognize its unique
17 and historic position to ensure that good jobs are
18 created.

19 New York must make it clear, before it agrees
20 to anything, or rewrites the Constitution, what kind
21 of jobs it wants.

22 The State must make it clear that it wants
23 good-paying jobs, where workers have healthcare
24 coverage and pensions, and the right to organize a
25 union.

1 Expanding the gaming industry is a major
2 undertaking that may result in significant tax
3 revenues.

4 Elected officials must be careful to protect
5 our taxpayer dollars and to protect our economy.

6 One of the most important ways to do so is to
7 require labor peace agreements for any gaming
8 facility in which the State has an interest.

9 Labor peace agreements safeguard the State
10 from strikes and work-stoppages which can damage the
11 industry, and undermine taxpayers' interests.

12 Labor peace agreements ensure that employers
13 have the conversation about jobs before the State
14 let's them in the door.

15 As representatives of hard-working
16 New Yorkers across the state, we believe that,
17 without labor peace agreements, expanding gaming in
18 the state of New York may be do far more harm than
19 good. And we strongly encourage the Senate not to
20 consider any proposals that do not include labor
21 peace.

22 Thank you for your time.
23
24
25

1 SENATOR BONACIC: Thank you, Mr. Gold.

2 Just a quick question.

3 Are any of the Native American casinos
4 unionized?

5 JOSH GOLD: I'm not sure on all of the
6 Senecas facilities. I think there were some drives
7 there in -- earlier this past decade. But, they're
8 not -- as far as I know, not currently unionized.

9 We do have a --

10 SENATOR BONACIC: In New York State, you
11 don't.

12 I'm talking about the --

13 JOSH GOLD: Yeah, I'm talking about, the
14 Seneca casinos are the only ones I'm familiar with.
15 And I don't believe they are.

16 SENATOR BONACIC: Well, I don't -- yeah.

17 But the Oneidas are union?

18 JOSH GOLD: The Oneidas are not.

19 We do have agreements with some of the
20 nations that spoke today. The Shinnecock.

21 And working towards, very close to an
22 agreement, with the Stockbridge-Munsee.

23 SENATOR BONACIC: I think I interrupted you,
24 but, the Senecas, is there, any of those unionized?

25 JOSH GOLD: I don't believe so.

1 SENATOR BONACIC: Okay.

2 Thank you very much, Mr. Gold.

3 Any questions of this gentleman?

4 Okay.

5 Thank you very much for your testimony.

6 Last, but not least, is: Joseph Faraldo,
7 who's president of the Standard [sic] Owners
8 Association of New York.

9 Joe, good afternoon.

10 Thank you for your patience.

11 JOSEPH FARALDO: I have a condensed version
12 of the testimony.

13 First, I want to thank you, Chairman Bonacic,
14 and the Committee members, for the opportunity to
15 even testify here today.

16 As you might imagine, many who are among the
17 40,000 New Yorkers employed as a result of the
18 state's critically important racing, equine, and
19 agricultural industries, are extremely concerned
20 about their futures and their livelihoods.

21 And, so, we are grateful to be able to share
22 our thoughts and concerns about a proposed
23 constitutional amendment to allow full casino gaming
24 in New York.

25 I am here today, not only on behalf of the

1 SOA and thousands of members of the Empire State
2 Harness Horsemen's Alliance, but also a proud
3 member of the newly forming statewide advocacy
4 group, the New York Horse Racing and Agricultural
5 Industry Alliance, that will be comprised of all of
6 New York State's horsemen, breeders, and the
7 agricultural industry representatives.

8 So, while we know that you have heard today
9 from a Gaming Association that represents the
10 interests of nine racino owners, you will now also
11 start hearing, for the first time, from an alliance
12 that represents the tens of thousands of New York
13 horse owners, trainers, veterinarians, farmers, feed
14 suppliers, breeders, grooms, blacksmiths, and
15 others, who could potentially see their livelihoods
16 threatened should a constitutional amendment be
17 adopted without specific protections and support for
18 New York racing.

19 Put as simply as possible: While a proposed
20 constitutional amendment could certainly represent
21 an opportunity to expand upon the significant gains
22 that we have seen in our New York racing and
23 agricultural industries, as a direct result of the
24 thoughtful racing-based VLT initiative in place by
25 the Legislature, it could also have the exact

1 opposite effect if New York does not take proactive
2 steps to protect our racing and agricultural
3 industries.

4 The agricultural and racing investments made
5 in New York State, as alluded to by
6 Senator McDonald, are as a result of higher purses
7 from the VLTs, and not a mere matter of conjecture.

8 They are very real.

9 \$9 million in capital improvements, and
10 11 million in stallions, invested at Blue Chip Farm
11 in Orange County, New York;

12 The brand new \$8 million training center,
13 built by Mark Ford, in Middletown, New York, which
14 has created dozen upon dozens of, new, and full-time
15 jobs;

16 Or, the \$4 million spent transforming an
17 abandoned horse farm in Pine Bush, New York, into an
18 active training center, that has succeeded in luring
19 dozens and dozens of trainers away from competing
20 states, right here into New York.

21 These unprecedented agricultural investments
22 are having a huge effect creating jobs, and the
23 economic multiplier across the state, and the very
24 last bit of this, is the direct result of the higher
25 purses generated by VLTs.

1 Therefore, to avoid cannibalizing our strong
2 and growing racing industry, and potentially erase
3 all of these years of job growth and economic gains,
4 any resolution to allow full-scale commercial
5 casinos must include strong, detailed language,
6 mandating that these new gaming opportunities
7 provide similar contributions to the state's
8 job-intensive racing and agricultural industries, as
9 currently exists in the model VLT law.

10 Without such mandated contributions, any
11 resulting shift from existing VLT wagering to these
12 new competing full-scale casino-wagering vehicles
13 will undoubtedly decimate racing, and by extension,
14 our agricultural industry.

15 It is, quite frankly, economically illogical
16 to consider trading off tens of thousands of
17 existing racing-, agricultural-, and equine-related
18 jobs, in exchange for increased profits for casino
19 owners, and a limited number of new positions for
20 blackjack dealers, croupiers and pit bosses.

21 Furthermore, we must consider what additional
22 hidden costs might be involved in any promise of new
23 casino-related jobs.

24 For example: If the racino operators are
25 angling for reduced tax rates as a trade-off for

1 these additional jobs, then what is the fiscal
2 impact of shifting play from now-popular lottery
3 table games, like loret (ph.) -- roulette or craps,
4 to full casino version of these table games with
5 potentially lower tax rates?

6 How will that impact revenue to the state,
7 and to education?

8 And how will the State protect our racing and
9 agricultural industries as part of that transition?

10 These types of questions, and the need to
11 effectively balance the various interests of the
12 state, public-school students, the racino operators,
13 the racing industry, and agriculture in
14 New York State, as the existing VLT program has
15 done, are critical to the process, and to the policy
16 discussions we are starting today.

17 So, with New York continuing to face
18 unprecedented economic challenges, and with jobs,
19 jobs, jobs, serving as the state's current public
20 policy mantra, we in the New York State Horse Racing
21 and Agricultural Industry Alliance look forward to
22 working with you on the issues of potential
23 constitutional amendment.

24 We remain committed to the belief, that any
25 such initiative must generate important funding for

1 education in New York, and simultaneously protect
2 and promote New York racing jobs and agriculture.

3 Once again, in conclusion: On behalf of the
4 more than 40,000 representatives across
5 New York State, in this equine industry, I want to
6 thank you for the opportunity to allow me to share
7 my thoughts with you.

8 And I would like to say one thing.

9 While we're sitting here, the New York Gaming
10 Association made certain announcements and
11 commitments. And I heard the great love expressed
12 for -- for them, for agriculture and racing in the
13 state of New York.

14 And while we were sitting here, one of the
15 members of that same association, was quoted today
16 in "Harness" magazine, as saying, that: Horsemen
17 don't get anything in Pennsylvania from table games.

18 But I think that the horsemen are doing fine
19 there, right now.

20 That is the reason why I asked to appear
21 before you today.

22 And, that is the reason why, we, in the
23 racing community, are very concerned about this
24 transition; what effect it might have.

25 What effect it might have on the state of a

1 tax rate is reduced. And, what it will do to a
2 renaissance that you've created, by your wisdom, in
3 making sure that this industry is protected by
4 legislative mandates.

5 That wisdom came out of this Committee, and
6 the Assembly counterpart of this Committee.

7 And I urge you, that if you're going to
8 consider doing this, you consider those
9 ramifications, and structure it so that it is
10 mandated by state law, the contributions to this
11 industry, and not tradeoff 40,000 jobs for different
12 types of jobs.

13 Thank you.

14 SENATOR BONACIC: Thank you, Mr. Faraldo.

15 I'm going to ask you three questions that are
16 connected.

17 And one of the things at yesterday's hearing
18 in Ontario County, a gentleman, who is an owner of
19 Tioga Downs, talked about widespread use of illegal
20 enhancing drugs, and it was concerned about the
21 integrity of racing.

22 And, I tried to get a handle on how
23 widespread he thought it was. And, he felt it's
24 been there.

25 So, having prefaced that, I'm going to ask

1 you the three questions that are all interrelated to
2 this subject.

3 And, as you talk, you can try to answer the
4 three questions?

5 Judge Mark Powers struck down a State Racing
6 and Wagering Board on performance-enhancing drugs,
7 recently.

8 The Standardbred owners were plaintiffs in
9 that case.

10 Some of your concerns with that ruling, do
11 you think performance-enhancing drugs, growing,
12 shrinking, or a steady problem in New York?

13 And what is your organization doing on that
14 issue, with the Racing and Wagering Board, to
15 control it?

16 Or, what do you think we have to do, more of,
17 in order to, stop this, or to diminish -- just stop
18 it, really?

19 JOSEPH FARALDO: I've been in this game about
20 40-some-odd years.

21 The expansion of performance-enhancing drugs,
22 positive tests on drugs in racehorses in this
23 country is, I believe, less than 2 percent of all
24 participants.

25 So, if this is an epidemic, it is the

1 smallest epidemic known to mankind.

2 That's number one.

3 Number two: I don't think it's a growing
4 problem.

5 The problem is, the inability to be able to
6 catch people who are doing things within the
7 parameters of the scientific knowledge we have
8 today.

9 The Standardbred Owners Association was,
10 indeed, a very proud plaintiff in that case,
11 because, what the Racing and Wagering Board
12 constructed, was very ill-advised, did not meet the
13 goals to protect the rest of us in racing, as to a
14 fair playing field. And we felt an obligation to
15 challenge it on a number of constitutional grounds.

16 And if you read the decision, it's a very
17 wise decision.

18 What has to be done, is, the Racing and
19 Wagering Board -- and I don't know if this is
20 really, very truthfully, possible for anybody to do;
21 and that is, to keep up with the cheaters.

22 You see it in cycling, you see it in racing,
23 you see it in any-and-all human competition and
24 equine competition.

25 And if anyone can get a leg-up in advantage,

1 they are one step ahead of the science.

2 Now, what does that mean? How do you deal
3 with that?

4 Well, being at it as long as I have, and with
5 a chemistry background that I have, and my legal
6 degree, I believe that the best way to do it, is to
7 do more in the field policing, number one, because
8 you're never going to keep up with the science.
9 You're only going be able to detect what you know is
10 being used.

11 If you don't know what's being used, or it's
12 in the pharmacopeia of a foreign country, and it's
13 not in your pharmacopeia, you're never going to be
14 able to determine it until someone let's you know,
15 by good police work, that it's being used.

16 Then you have to secure a standard.

17 Then you have to get an extraction method to
18 get it out of blood or urine.

19 The Racing and Wagering Board is ill-equipped
20 to do that. Most racing jurisdictions, truthfully,
21 are inequipped [sic] to do that.

22 What we have been advocating, is that all of
23 these states, racing states, pool their resources,
24 and have either one or two labs in the country,
25 instead of duplicating the efforts and minimizing

1 their ability to catch up with people who are
2 cleating.

3 We don't want it, as honest horsemen, but we
4 don't also want regulations that don't address the
5 problem significantly, or truthfully and honestly.

6 So, in answer to your question: I don't
7 think it's an epidemic. Number one.

8 Number two: The Racing and Wagering Board is
9 very limited in what it can do, but I believe that
10 they can do more investigatory police work; as was
11 done in New Jersey, in a recent case, I think a year
12 and a half ago, that caught some people who were
13 doing something that the chemistry wasn't up to
14 catching on its own.

15 That kind of thing needs to be done.

16 And I think we should consolidate the labs in
17 this country to two labs, in this entire country, to
18 test blood and urine from racehorses.

19 SENATOR BONACIC: I just want to, one more
20 follow-up: The money allocated for detection of
21 illegal enhancing drugs in horse racing, is it
22 inadequate? Is it a discretionary item in the
23 budget of John Sabini, Racing and Wagering?

24 In other words: Can he put more money in
25 this area, as opposed to another area? Or is there

1 a line item specifically?

2 JOSEPH FARALDO: That, I don't know.

3 But, I do know this: Bottom line, for me,
4 being a bottom-line guy, is that they don't have
5 enough money. They don't have enough funding to do
6 these things.

7 Traditionally, if you go back -- as long as I
8 have been in the game -- if you go back, this was a
9 function of the tracks.

10 It was the track's obligation to make sure
11 the game that was out on that racetrack was fair and
12 honest to people who were invited into the facility.
13 They paid for it.

14 When things got bad, we lost all of our
15 on-site laboratories, which did pre-race screening,
16 and everything had to go back to Cornell.

17 And the racetracks began not to pay Cornell.

18 So, Cornell didn't have a way to raise the
19 revenue to continue to testing.

20 So, the Racing and Wagering Board said: We
21 will enforce this for you. Instead of the racetrack
22 having to sue you, we'll come in, we'll be the
23 people who are responsible.

24 The Racing and Wagering Board then got in a
25 hole. They couldn't pay Cornell.

1 And then we were assessed, the horsemen,
2 \$10 for every horse that started, amounting to
3 \$1.3 million in the state of New York, to do steroid
4 testing. And that was never done, because the
5 Racing and Wagering Board had to pay that
6 \$1.3 million as part of its debt to Cornell, that
7 they took over when the track said, we can't do this
8 no more.

9 The tracks can certainly do this now, with
10 the VLT revenue that they have.

11 SENATOR BONACIC: Okay.

12 JOSEPH FARALDO: But the horsemen are being
13 asked to do it.

14 SENATOR BONACIC: That's very helpful. It's
15 something we're going to continue to look into.

16 But, thank you very much.

17 Senator Griffo.

18 SENATOR GRIFFO: I would just like to follow
19 up on that, Mr. Chairman.

20 I would, obviously -- Joe, you would think
21 that the integrity of this sport is essential,
22 obviously. So, any stain on that, whether it's an
23 epidemic or not, is a problem.

24 Would you agree?

25 JOSEPH FARALDO: Yes, definitely.

1 SENATOR GRIFFO: And, then, as a result of
2 that, from what you've indicated today, and you
3 talked about the major, you know, franchises and
4 professional sports organizations who have had
5 similar problems, human problems, and they've had to
6 undertake new policies and regulations, would it be
7 in the industry's best interest then, working with
8 Racing and Wagering, and the State, as a whole, to
9 develop a new policy, where we can look at better
10 testing and enforcement, and that there's a
11 standard?

12 JOSEPH FARALDO: I don't believe that that's
13 incorrect at all. I think that's very wise.

14 My only concern about that, is when the
15 people who used to be responsible for this, because
16 they were putting on the game.

17 We supply horses, we bring them to the
18 racetrack.

19 The integrity part of this has to be
20 maintained by the regulator; by the racetrack, with
21 the regulator, and the State of New York.

22 I now say to you, that it can't be solely an
23 obligation of the horsemen, which is now the shift
24 that we see. As the racetracks make more money,
25 they shift all the cost to racing onto the race --

1 to the horsemen. That's what they want to do.

2 My feeling is, is that should be a shared
3 responsibility.

4 That's very fair, and very honest; shared
5 between the State of New York, the racetracks, the
6 horsemen, the breeders...all of the people who
7 participate in it. And I include the State of
8 New York in that.

9 SENATOR GRIFFO: The last thing I would ask
10 is: When you talk an gaming, would you, from a --
11 your own perspective and experience, do you think
12 that the best approach would be, to look at an
13 enhancement of the facilities that exist, as you've
14 heard today, like the racing facilities; or, another
15 expansion -- outright expansion of new facilities?
16 And how would that stack up against your industry?

17 JOSEPH FARALDO: No, I think it should be an
18 expansion of what we currently have, which is
19 controlled gaming in the state of New York, at
20 facilities which traditionally have housed
21 controlled gaming, from the constitutional amendment
22 back in the '40s that allowed parimutuel wagering.

23 And I think that if it is done, it just needs
24 to be done to protect the horse industry and the
25 agricultural industry because you have a lot of jobs

1 there. And if you don't mandate it, the racetracks
2 are not going to -- they're not going, out of the
3 goodness of their heart, from that last statement I
4 read you earlier from one of the members of the
5 Gaming Association, that the horsemen don't get
6 anything.

7 Well, that's what we're going have to deal
8 with.

9 And if that happens, and it's not mandated
10 and regulated, then we're going to be on the short
11 end of the leverage stick, and we're going to end up
12 hurting. And you're going to end up affecting
13 40,000 people, to some degree. Not all 40,000,
14 obviously, but they're going to affected adversely.

15 So, we need to be protected.

16 SENATOR GRIFFO: Thank you.

17 SENATOR BONACIC: Thank you very much,
18 Mr. Faraldo.

19 I want to thank my colleagues for their
20 attention, attendance, and participation.

21 I especially want to thank all of the
22 speakers today. I thought they were very
23 enlightening.

24 We will take all of the testimony, digest it,
25 and we will look to prepare legislation down the

1 road to address many of the concerns that were
2 expressed today.

3 This meeting was September 7th, of the
4 Judiciary, and the Racing and Wagering Committee.

5 It started at 10:05, and we're now adjourning
6 at 1:10 p.m.

7 Thank you.

8 (Whereupon, at 1:10 p.m., the Joint
9 Public Hearing of the Senate Standing Committee on
10 Racing, Gaming & Wagering, and the Senate Standing
11 Committee on Judiciary, was concluded.)

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