



# New York Thoroughbred Breeders, Inc.

57 Phila Street, 2<sup>nd</sup> Floor, Saratoga Springs, NY 12866

Office: (518) 587-0777

Fax: (518) 587-1551

[info@nytbreeders.org](mailto:info@nytbreeders.org)

[www.nybreeds.com](http://www.nybreeds.com)

May 8, 2019

## **Senate Committee on Racing, Gaming and Wagering HEARING ON SPORTS BETTING IN NEW YORK STATE**

Chairman Addabbo and Members of the Senate Racing, Gaming, and Wagering Committee:

I am grateful for this opportunity to present testimony on behalf of the New York Thoroughbred Breeders, Inc. (NYTB), which is the sole authorized representative of the thoroughbred breeding industry in New York State, representing thousands of New York breeders.

### **The New York Breeding Industry**

The New York Thoroughbred Racing and Breeding incentive program (“the Fund”) was established by statute in 1973 to promote the thoroughbred industry in the state and preserve greenspace. Over the decades, the program met these aims, but until relatively recently could be regarded, like most regional breeding and racing programs, as a poor cousin of Kentucky breeding and racing. Today, the New York breeding and racing program is a nationally-recognized powerhouse. Every day, New York-breds run for purses that are the envy of the nation. New York-breds are popular commodities at auctions throughout the calendar year. The state is producing horses that compete at the sport’s highest-levels across the country and are winning national accolades.

Thoroughbred breeding is one of the most important economic engines of the New York’s equine industry, which is our second-largest agri-business. As was highlighted in the 2018 American Horse Council Foundation report, the equine industry is live and well in New York. During the last five years, the equine industry has grown by \$1.1 billion and added 10,000 jobs. The industry has a \$5.3 billion economic impact on New York’s economy, and benefits counties across the State by generating nearly \$200 million in state and local taxes. The breeding and racing industries are responsible for the majority of the equine industry’s 42,400 full-time jobs, and play a large part in preserving 1.3 million acres of precious farmland.

As the Senate is well aware, the New York education budget and the breeding industry has benefited from the implementation of video lottery terminals (VLTs) at racetracks. Some VLTs result in significant direct supports for New York breeding and racing. At in least in part due to these supports, breeding in New York has been vibrant. Farms are reopening, new players have brought business to the State, and the quality of stock has improved. All of this has resulted in the best measure of breeder success: a boom market for New York-breds at thoroughbred auctions. From 2010-2016, the value of the average New York-bred yearling has increased by 120.9%. The value of 2-year-olds, whose sales have also been fueled by an enhanced 2-year-old stakes program at NYRA tracks, has increased by 121.3%.



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## Competition for Gaming Dollars

NYTB is proud of the racing product New York currently offers and is open to encouraging opportunities for new gaming dollars in the state. However, historically, as new forms of gaming has been introduced in New York, there has been an increased competition for the gaming dollar -- whether spent on VLT Racinos; brand new commercial casinos; daily fantasy sports; potentially online poker; the topic of today's hearing, sports wagering; or gaming opportunities in neighboring states or the Indian territories. For this reason, it is imperative, if the State were to find itself in a position to authorize sports wagering, that it keep the racing industry in mind and consider the importance of including those who have expertise in the horse wagering world and existing online betting platforms, as part of any new law.

## Sports Betting in New York

As part of the Upstate NY Gaming Economic Development Act of 2013, the State took the first steps to authorizing sports betting, should the courts find the Professional and Amateur Sports Protection Act (PASPA) to be unconstitutional. The Supreme Court reached this conclusion in 2018, and New York needs to act swiftly to implement sports wagering in New York, in order to optimize the greatest potential for revenue to the State. If New York is truly interested in making sports wagering program a truly successful initiative, the State must authorize sports betting at New York's racetracks -- specifically NYRA racetracks. Although New York is currently constrained by the constitution to allow sports wagering only at brick and mortar casinos, if the State remains committed to the success of the racing industry, it is important to find a way to allow sports betting at New York's racetracks as well.

Having a broader base of potential players will benefit the State. Thoroughbred racing has been working to attract a larger, younger, and more diverse pool of bettors for several years. Moreover, the racing community is used to working in this highly regulated field. It is a logical extension of the services already provided by the thoroughbred racing industry, to also afford their consumer the opportunity to participate in other sports wagering. NYRA has extensive experience in working within an electronic betting platform. The State would be remiss if it failed to build off of these experiences. In fact, there may be a real opportunity for sports betting to work off of the success NYRA has achieved through the NYRA Bets wagering system. In addition, NYRA Bets already has tens of thousands of active customers, and these individuals are also potential sports wagerers. We commend the State to evaluate whether this yet to be implemented gaming opportunity would best benefit from being integrated into racinos, racetracks, OTBs, and the current NYRA Bets Online Platform. Using a statewide system would drive the most revenue to all racing and wagering parties, and would position New York as a leader in the country for streamlined gaming opportunities.

The inverse must be true as well. To the extent that New York is going to implement a sports wagering option, it is imperative that the State not grant casinos a business advantage over NYRA. As such, if the sports wagering law is to allow betting on horses, the State must be clear that casinos may only accept wagers on horse racing that are consistent with the types of wagers that may be made



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on track. Similarly, the law must create a rational formula that ensures revenue from sports wagering is distributed to benefit the racing industry. We encourage the Senate to consider reevaluating both the imposition of the ADW and OTB distribution framework to the new sports betting platform to further protect thoroughbred racing.

### Conclusion

NYTB appreciates the opportunity to submit this testimony, and looks forward to working with NYRA, the horsemen and owners, as well as our friends in the casino and gaming industry, and the State, to ensure that the most successful form of sports betting is made available in New York. We commend the Committee for seriously evaluating whether amendments to the Racing Law and the State Constitution are necessary, in order to fully implement the provisions of the 2013 law, now that PAPSA has been invalidated by the Supreme Court. We look forward to continuing to be a partner with the State in this effort.

Respectfully submitted,

Jeff Cannizzo  
Executive Director  
New York Thoroughbred Breeders, Inc.