

Testimony of Marc Paulhus: Joint Hearing on Economic Development. February 16, 2022

My purpose before this committee is to bring your attention to a financial injustice done to the residents and taxpayers of this state. I would guess that most lawmakers in this hearing do not have knowledge of the full extent of this corporate welfare boondoggle. It has taken me and other dedicated researchers 2 years to sift through and analyze public records, rules, regulations, legislation, comptroller's reports, tax codes and criminal investigations. What we discovered is carefully documented, persuasive and fully available to you.

Let me start by introducing myself. For nearly 40 years I have been investigating horse racing in America. I have testified before the US Congress on several occasions on racing concerns and was the principal author of the proposed Corrupt Horse Racing Practices Act. I appeared before numerous state regulatory boards charged with overseeing racing. I successfully sued the State of Florida for ignoring its own regulations pertaining to the use of dangerous drugs in racing. Those efforts, both federal and state-focused were aimed at reforming an industry well-known for scandalous practices.

Today, however, I am representing People for the Ethical Treatment of Animals, an international organization with more than 367,000 supporters in New York State alone. In addition, PETA has joined with a growing and diverse coalition of New York based groups representing education, human services, programs for the elderly, health services, worker justice and animal welfare concerns. Combined, our Coalition to End Horse Racing Subsidies fairly represents the interests of the vast majority of New Yorkers in every part of this state. We have been largely silent, until now.

I would guess, based on conversations we have had with a number of state lawmakers, that most of you don't know, even members of committees charged with overseeing horse racing don't know, that pari-mutuel wagering on horse racing pays less in taxes and fees to the state treasury than it costs the Gaming Commission to ineffectively regulate this particular gambling industry.

You may not know that the state has already diverted more than \$2 billion in casino taxes to prop up a failing racing industry in just the last decade. The annual transfer of casino profits now amounts to more than \$230 million and is growing as the casino industry prospers. The steady progression of subsidies increased even as racetrack attendance plummeted by more than 90% in the past few decades. Moreover, horse racing will inexorably decline as all-sports betting appeals to a younger clientele and sports gaming will take an ever-bigger chunk of the wagering dollar. Continuing these racing subsidies into the future is nothing more than throwing good money after bad.

It isn't possible in a 3-minute presentation to detail all that we have learned and all that you, as lawmakers, need to know. But here are a couple essential facts. Two highly respected Marist polls taken in 2021 demonstrate that more than 90% of New Yorkers have no intention of attending a race at any of the state's 11 racetracks. And only 9% percent said that they favored continuing subsidies to racing.

These state-diverted racing subsidies belong to the people of New York, not a failing industry that should be self-sufficient and provide revenue to this state as mandated by the New York State Constitution.

In the interest of brevity, I would ask you to carefully review the following information titled "Horse Racing by the Numbers." I welcome the opportunity to provide supportive documentation.