

2008 ANNUAL REPORT

NEW YORK STATE ASSEMBLY

COMMITTEE ON
RACING AND WAGERING



Sheldon Silver, Speaker

J. Gary Pretlow Chair



J. Gary Pretlow
Assemblyman 87th District
Westchester County

**THE ASSEMBLY
STATE OF NEW YORK
ALBANY**

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Committee on Racing and Wagering

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December 15, 2008

The Honorable Sheldon Silver
Speaker of the Assembly
Room 932 – Legislative Office Building
Albany, New York 12248

Dear Speaker Silver:

I am pleased to submit the 2008 Annual Report of the Assembly Standing Committee on Racing and Wagering. As Chairman of the Committee, it was a challenging year offering a myriad of issues and legislation for consideration.

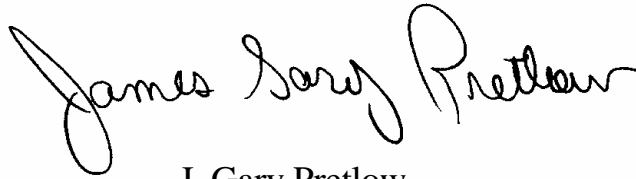
This legislative session was particularly noteworthy for the State of New York purchasing, uncontested, three racetrack properties, the Aqueduct Racetrack, Belmont Park, and Saratoga Race Course (Chapter 18 of 2008). The New York Racing Association (NYRA) franchise was extended for the reconstituted, reorganized NYRA which was codified as a true not-for-profit corporation directly answerable to the New York State Attorney General's office under the not-for-profit law. The operation of the racetracks for the state is in effect a lease arrangement, with specific standards and performance measurements which, if not satisfactorily met by the NYRA as determined by the newly created Franchise Oversight Board, would result in a termination of the lease right to operate the tracks.

The state also acquired the New York City Off-Track Betting (OTB) corporation. Due to the fact that New York City OTB is one of the largest betting enterprises in the world and its financial stability was in jeopardy, it was important that the City transfer the ownership and operation of NYCOTB to the State.

In 2009, the Committee will continue to focus on issues such as the expansion of Video Lottery Terminal Gaming (VLT) and proposals to begin the process to institute casino gaming in the State of New York, and proposals to lease the New York State Lottery to the private sector.

Finally, I want to thank you for your leadership and want to thank Racing and Wagering Committee members and staff. Their experience and passion played a major part in making this a productive and exceptional year.

Warmest Personal Regards,

A handwritten signature in black ink that reads "James Gary Pretlow". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

J. Gary Pretlow
Chairman
Assembly Racing & Wagering Committee

NEW YORK STATE ASSEMBLY
STANDING COMMITTEE ON RACING AND WAGERING

J. Gary Pretlow, Chair

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Majority

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Margaret M. Markey
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Aileen M. Gunther
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COMMITTEE STAFF

Louann Ciccone, Legislative Coordinator
Stephen Bochnak, Principal Program Analyst
Cillian Flavin, Principal Committee Assistant
Natisha Alexander, Committee Clerk
Molly McDonald, Program and Counsel Secretary

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I. INTRODUCTION

The Racing and Wagering Committee's jurisdiction includes all legislation involving pari-mutuel wagering on-and off-track, intra- and inter-state, thoroughbred and standardbred horse racing and breeding, regulation of racing and wagering, lotteries --- including video lottery gaming --- bingo, games of chance, Indian gaming, charitable gaming and constitutional amendment resolutions concerning any of the above.

II. RACING: THOROUGHBRED & HARNESS

1. Laws of 2007:

A. Pension Contributions by Horse Owners at NYRA Tracks to Backstretch Employees

Chapter 440 of 2007

A.7921-A (Pretlow) / S.2895-A Larkin

This chapter requires a temporary increase in the percentage of thoroughbred racing purses to be withheld to support the operations and benevolent activities of the New York Thoroughbred Horsemen's Association. This legislation facilitates the continuation of the benevolence programs of the organization and helps pay the legal costs associated with protecting the interests of the members of the New York Thoroughbred Horsemen's Association in the NYRA bankruptcy proceedings.

2. Laws of 2008:

A. Harness Racing Museum and Hall of Fame

Chapter 429 of 2008

A.6594-B (Gunther) / S.1047-B (Larkin)

This chapter grants the Agricultural and New York State Horse Breeding Development Fund the statutory authority to use a portion of its funds to support the continued operation of the Harness Racing Museum and Hall of Fame and the Goshen Historic Harness Track.

B. Video Lottery Terminals

Chapter 140 of 2008

A.11502-A (Pretlow) / S.8709 (Rules)

This chapter authorizes the Division of the Lottery to conduct a pilot program involving the operation of video lottery terminals at certain racetracks.

3. 2008 Passed Assembly:

A. Minimum Race Days

Passed Assembly, referred to Senate Racing, Gaming and Wagering

A.8230 (Pretlow)

This bill would provide for the establishment of a process whereby the minimum number of harness horse races to be conducted at harness horse race tracks can be set. This is to ensure the continued existence of live harness racing in the state, an operation less profitable than the newly established Video Lottery Terminal (VLT) operations.

III. BREEDING: THOROUGHBRED & HARNESS

1. Laws of 2007:

A. Director of Certain Public Benefit Corporations

Chapter 197 of 2007

A.7737, (Pretlow) / S.4060 (Larkin)

This chapter permits the Racing and Wagering Chair to designate a representative to attend thoroughbred and standardbred breeding fund meetings in his or her place. This legislation provides for the pragmatic representation of the Chair of the Fund at events at which he or she is unable to attend

IV. RACE WAGERING : ON-TRACK & OFF-TRACK --- IN-STATE & OUT-OF-STATE

1. Laws of 2007:

A. Buffalo Raceway / OTB Surcharge

Chapter 681 of 2007

A.8224-A (Quinn) / S.5745-A (Stachowski)

This chapter provides for the continuation of payments of Off Track Betting surcharge revenues to tracks in the Western Region for five years, from 08/31/2007 to 08/31/2012. The authorization to direct the aforementioned funds to the Western Region harness track in Buffalo provides financial support to that harness track, currently struggling to remain open.

2. 2007 Passed Assembly:

A. Rebate Programs

Governor Veto Memo 86 of 2007

A.2347-A (Lafayette) / S.577-A (Larkin)

This bill would have created rebate programs and codified the term rebates. Such rewards, or returns on wagering investments, may be authorized with specific rules for authorized rebate programs to be developed by the Racing and Wagering Board. This bill would authorize New York racetrack operators and OTBs to offer their patrons the same rebate programs that are being offered elsewhere, facilitating the continued competitiveness of New York State racetracks.

V. OFF-TRACK BETTING: BY REGION

1. Laws of 2008:

A. New York City Off-Track Betting Corporation Chapter 115 of 2008 A.11635 (Pretlow) / S.8549 (Larkin)

This chapter provides for an immediate State takeover of the New York City Off-Track Betting Corporation (NYC OTB) and creates new revenues for two years to stabilize the financial position of NYC OTB. The NYC OTB accounts for almost half of the revenue of OTB in New York State. Were it to be allowed to continue in a state of insolvency, the racing industry would suffer consequences of a wider range than just at the NYC racetracks. Therefore this chapter protects thousands of New York jobs and creates a task force on the future of off-track betting in New York.

VI. REGULATION OF RACING & WAGERING

1. Laws of 2007:

A. Artificial / Synthetic Tracks

Chapter 293 of 2007

A.5511 (Magee) / S.2825 (Larkin)

This chapter extends the existence of the Task Force for Retired Race Horse within the Racing and Wagering Board from 12/31/07 to 12/31/09. It also provides for the appointment or reappointment of the 13 members who are to represent virtually every equestrian activity in the state. It calls for the researching of a study into the safety factors — for horses and jockeys — of newly introduced synthetic or artificial racetrack surfaces. This chapter also requires the Task Force to look at ways in which retired race horses can be put to gainful work as an alternative to slaughter.

B. Reciprocity of Racing and Gambling Licenses

Chapter 535 of 2007

A.7736-A (Pretlow) / S.4059-A (Larkin)

This chapter provides that any suspension of a racing license in another bona fide jurisdiction may be upheld in New York unless a hearing is requested, in which case the enforcement of the penalty may be delayed. This legislation clearly codifies the automatic suspension of a racing license if revoked in another jurisdiction, which is something that previously could be achieved, but not automatically and with some ambiguity in the procedure before this automatic provision.

C. New York Jockey Injury Compensation Fund

Chapter 169 of 2007

A.7918 (Pretlow) / S.1581 (Larkin)

This chapter clarifies the situation of unlicensed riders, under the Jockey Injury Compensation Fund Inc., making them ineligible for benefits from the Fund. The Jockey Injury Compensation Fund Inc. was established to provide umbrella workers' compensation coverage for licensed jockeys and exercise riders working at New York thoroughbred racetracks.

2. Laws of 2008:

A. License Application Hearings

Chapter 530 of 2008

A.7738 (Gunther) / S.3898 (Larkin)

This chapter provides for hearings prior to the awarding of a license when rejection of the licensing application may be expected. This gives applicants a formal opportunity to respond to questions in order to avoid having to go through a formal hearing process. This chapter provides for the pragmatic situation whereby an applicant can initiate a hearing prior to determination. The decision is still subject to judicial review.

B. New York Thoroughbred Racing Franchise

Chapter 18 of 2008

A.9998 (Pretlow) / S.6950 (Bruno)

This chapter authorizes the Empire State Development Corporation to issue bonds for the acquisition of certain racetracks and for the construction of video lottery terminal facilities at Aqueduct and other economic development at Belmont. This law also provides appropriation authority for the acquisition of racetracks at Saratoga, Aqueduct and Belmont and amends the tax law in relation to the disposition of revenues. This chapter helps ensure the continued operation of New York's racetracks by NYRA—the New York Racing Association—and provides funding for capital improvement investment in racing and VLT operations. The chapter extends the NYRA franchise for a further 25 years and authorizes NYRA's operations to be overseen by a newly created Franchise Oversight Board (FOB).

C. Steroid Testing

Chapter 267 of 2008

A.11683 (Pretlow) / S.7866-A (Larkin)

This chapter permits the New York Thoroughbred Horsemen's Association to continue to collect for one more year an additional one percent from purse money earned from racing by horse owners; up to one-half of which is to be used for the acquisition of suitable testing equipment for the laboratory at the College of Veterinary Medicine at Cornell University. The legislation also affirms the organization's intent to continue to provide funding to another organization also providing services to backstretch employees

VII. LOTTERY

1. Laws of 2008:

A. Commemorative Lottery Tickets

Chapter 254 of 2008

A.11572 (Pretlow) / S.7414 (Larkin)

This chapter makes technical corrections to the Tax law to repeal sections referring to the 1980 Olympic Games Lottery and the 1990-1996 Anti-crime Lottery in New York City. This chapter cleans up the existing law's references to outdated events and periods and does not affect the current operation of the New York Lottery or aid to education.

B. Monticello Race Track

Chapter 286 of 2008

A.11744 (Gunther) / S.8700 (Bonacic)

This chapter provides for the investment of over one billion dollars for capital improvements at and adjacent to the Monticello Race Track. This chapter also creates a vacation destination with Video Lottery Terminals at a refurbished Harness Track at Monticello. This facilitation of the investing of over one billion dollars supports the development of a hotel, convention center and a golf course at the site of the former Concord Hotel. The Monticello racetrack will also be moved to this new development site. The track operator at this site is required to maintain an employment level of over 2,000 persons in order to qualify for the tax treatment specified in this chapter. Were the track to fall foul of these provisions a recapture plan would take effect until the employment level is replenished to a level at or above 2,000.

VIII. GAMES OF CHANCE/ CHARITABLE GAMING

1. Laws of 2007:

A. Bonus Ball Bingo.

Chapter 162 of 2007

A.2966 (Reilly) / S.504 (Maziarz)

This chapter permits the addition of an extra bingo prize payout determined by the last number called. Participation is limited to \$1.00 per player with the prize limited to 75 percent of the total bonus amount collected – but not more than \$6,000. This chapter places pragmatic limits on the use of such means of enticing patrons to play bingo while also encouraging increased participation.

B. Unlicensed Bingo Games

Chapter 441 of 2007

A.8454 (DelMonte) / S.2939 (Larkin)

This chapter authorizes the conducting of bingo games without a license where no entrance fee is charged for participation in the game and as long as nothing of significant value is awarded in the form of prizes associated with the game. A municipality may authorize the conducting of Bingo games by organizations where no license from the Racing Board is required. The organizations that a municipality may consider for authorization include group residential facilities, bona fide charitable organizations, and some entertainment facilities, however the games must be offered at no cost to the participants, be conducted by members, employees or volunteers of the authorized organization, and have no alcoholic beverages served. This chapter ensures that games of bingo held by the aforementioned groups, where no alcohol is served and no prizes are furnished, can go ahead without facing legal repercussions.

2. 2008 Passed Assembly:

A. Games of Chance

**Passed Assembly, referred to Senate Racing, Gaming and Wagering
A.2958 (Reilly) / S.505 (Maziarz)**

This bill would require the Racing and Wagering Board to allow in-kind contributions to community causes made by benevolent orders toward the financial contribution requirements regarding the use of games of chance proceeds.

B. Bell Jar Tickets

**Passed Assembly, referred to Senate Codes
A.3115 (Pretlow) / (No Same As)**

This bill would require a New York State legend on all bell jar tickets sold in New York State. The presence of this legend on bell jar tickets would assist law enforcement, because when the legend is not on a ticket it would serve as evidence that the ticket was not sold legally.

C. Minimum Age for Assisting with Bingo

**Passed Assembly, referred to Senate Racing, Gaming and Wagering
A.4514 (DelMonte) / S.518 (Maziarz)**

This bill would establish the age of sixteen years as the minimum age for assisting in the conduct of any game of bingo. This would allow volunteer organizations to make use of the vast amount of younger volunteers previously unable to assist in such a manner. They still may not run the game but the areas in which young persons over the age of sixteen can assist would be expanded.

IX. NATIVE AMERICAN GAMING

1. 2008 Passed Assembly:

A. Expansion of Tribal Compacts Passed Assembly, referred to Senate Finance A.6517 (Cahill) / (No Same As)

This bill would remove Ulster County, with the exception of the Town of Wawarsing, from the counties the Governor is authorized to enter into tribal compacts for the locating of certain types of gaming facilities. This bill would assure the residents of Ulster, outside of the Town of Wawarsing, that a casino will not be approved prior to the passage of new authorizing legislation.

X. FOCUS OF THE 2009 LEGISLATIVE SESSION

The Committee will focus on bills that passed the Assembly in the 2007-2008 legislative session, not only on re-passing them but on negotiating with our Senate counterparts with the aim of reaching an accord.

The Committee will also strive to conduct research on the subjects/issues likely to be raised during next session. Such issues may include the sale or lease of the State Lottery to the private sector, the expansion of Video Lottery Terminal Gaming (VLT), and the consideration of amendments to the State Constitution to permit privately operated casinos in selected areas of the state.

**APPENDIX A
2007 SUMMARY SHEET**

**Summary of Action on All Bills
Referred to the Racing & Wagering Committee**

FINAL ACTION	ASSEMBLY BILLS	SENATE BILLS	TOTAL BILLS
Bills Reported With or Without Amendment			
To Floor; Not Returning To Committee			
To Floor; Recommitted and Died	7		7
To Ways and Means	8		8
To Codes	7		7
To Rules	4		4
To Judiciary			
Total	26		26
Bills Having Committee Reference Changed			
To Judiciary Committee			
Total			
Senate Bills Substituted or Recalled			
Substituted		6	6
Recalled		2	2
Total		8	8
Bills Defeated in Committee			
Bills Never Reported, Held in Committee	34	13	47
Bills Never Reported, Died in Committee			
Bills Having Enacting Clause Stricken	1		1
Motions to Discharge Lost			
TOTAL Number of Bills in Committee	62	20	82
TOTAL Number of Committee Meetings Held	4		

**APPENDIX B
CHAPTERS OF 2007**

Bill #	Sponsor	Description/Chapter #
A.2966	Reilly	Relates to authorizing organizations permitted by a locality to conduct bingo to conduct bonus ball bingo. Chapter 162 of the Laws of 2007
A.5511	Magee	Relates to directing the Task Force on Retired Race Horses to study the feasibility of installing artificial turf at race track to reduce injuries to horses and jockeys. Chapter 293 of the Laws of 2007.
A.7736-A	Pretlow	Relates to reciprocity of racing and gambling licenses Chapter 535 of the Laws of 2007
A.7737	Pretlow	Relates to service as a director on certain public benefit corporations. Chapter 197 of the Laws of 2007
A.7918	Pretlow	Relates to clarifying that workers' compensation benefit and coverage secured by the New York Jockey Injury Compensation Fund, Inc. shall be limited to licensed personnel. Chapter 169 of the Laws of 2007
A.7921-A	Pretlow	Relates to increases in contributions by a non-profit racing association to backstretch employee pensions for a period of one year. Chapter 440 of the Laws of 2007
A.8224-A	Quinn	Extends the period of time during which the Buffalo raceway would receive a portion of the surcharge collected on off-track winnings. Chapter 681 of the Laws of 2007
A.8454	DelMonte	Relates to authorizing the conducting of bingo games where no fee is charged for participation without a license. Chapter 441 of the Laws of 2007

**APPENDIX C
BILLS THAT PASSED THE ASSEMBLY IN 2007**

Bill #	Sponsor	Description/Chapter #
A.2347-A	Lafayette	Relates to authorizing racetracks and off-track betting corporations to offer rebates on pari-mutuel wagers made by bettors. Vetoed Memo 86

**APPENDIX D
2008 SUMMARY SHEET**

**Summary of Action on All Bills
Referred to the Racing & Wagering Committee**

FINAL ACTION	ASSEMBLY BILLS	SENATE BILLS	TOTAL BILLS
Bills Reported With or Without Amendment			
To Floor; Not Returning to Committee			
To Floor; Recommitted and Died			
To Ways and Means	6		6
To Codes	4		4
To Rules	5		5
To Judiciary			
Total	15		15
Bills Having Committee Reference Changed			
Total	0	0	0
Senate Bills Substituted or Recalled			
Substituted		2	2
Recalled		2	2
Total		4	4
Bills Defeated in Committee			
Bills Never Reported, Held in Committee	6	0	0
Bills Never Reported, Died in Committee	43	9	52
Bills Having Enacting Clause Stricken	0	0	0
Motions to Discharge Lost			
TOTAL Number of Bills in Committee	64	13	77
TOTAL Number of Committee Meetings Held	5		

**APPENDIX E
CHAPTERS OF 2008**

Bill #	Sponsor	Description/Chapter #
A.6594-B	Gunther	Provides for the breeding fund's distribution of its revenues for specified purposes. Chapter 429 of the Laws of 2008
A.7738	Pretlow	Establishes a procedure by which race track license application denials may be heard. Chapter 530 of the Laws of 2008
A.9998	Pretlow	Relates to racing corporations and associations; simulcasting and imposition of certain taxes. Chapter 18 of the Laws of 2008
A.11502-A	Pretlow	Relates to thoroughbred horse racing; repealer. Chapter 140 of the Laws of 2008
A.11572	Pretlow	Removes outdated references to certain commemorative lottery tickets; repealer. Chapter 254 of the Laws of 2008
A.11635	Pretlow	Relates to the New York City Off-Track Betting Corporation. Chapter 115 of the Laws of 2008
A.11683	Pretlow	Establishes a program to test for the presence of steroids in horses; provides for support services to backstretch employees. Chapter 267 of the Laws of 2008
A.11744	Gunther	Relates to capital investments by certain licensed video lottery gaming operators. Chapter 286 of the Laws of 2008

APPENDIX F
BILLS THAT PASSED THE ASSEMBLY IN 2008

Bill #	Sponsor	Description
A.2958	Reilly	Relates to expenditures applicable to games of chance
A.3115	Pretlow	Would require a New York state legend to be located on all bell jar tickets sold in this state
A.4514	DelMonte	Relates to establishing sixteen as the minimum age for assisting in the conduct of any game of bingo
A.6517	Cahill	Relates to adding the town of Wawarsing in Ulster county to the sites the governor is authorized to enter into tribal compacts of certain gaming facilities
A.8230	Pretlow	Relates to establishing new guidelines for the issuance of licenses to conduct harness racing programs based upon the conducting of a minimum number of such programs

END OF REPORT