



New York Thoroughbred Breeders, Inc.

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JOINT LEGISLATIVE HEARING ON FY2024 EXECUTIVE BUDGET: ECONOMIC DEVELOPMENT

February 9, 2023

To the Chairs and Members of the Joint Fiscal Committees:

Thank you for the opportunity to submit this 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 nearly 300 thoroughbred breeding farm operations located throughout the State, in at least 57 out of the 62 counties. Collectively, our members employ more than 1,000 New Yorkers, who work daily caring for horses and farms. We and our staff work, live, and raise our families across every county in New York State. In this capacity, NYTB is providing this testimony to:

- (i) stress its strong support for the Governor's proposal to enable the New York Racing Association to modernize and consolidate racing at Belmont Park;
- (ii) highlight the economic benefits derived from thoroughbred racing generally; and
- (iii) urge the Legislature to protect the existing laws that mandate the distribution of video lottery terminal facility revenues in a way that best reinvests in this economic engine.

Horse Racing & Breeding as an Economic Driver

The New York thoroughbred breeding and racing industry remains recognized as a national leader. Thoroughbred breeding is one of the most vital segments of New York's equine industry, which is the state's second largest agri-business. As reported in the 2018 American Horse Council Foundation report, prior to the COVID-19 pandemic, New York's horse racing industry generates \$3.3 billion economic in impact on New York's economy, and benefits each of the 62 counties across the State by generating hundreds of millions of dollars in tax revenue. New York's horse racing industry alone contributes to over 19,000 jobs across the state and breeders aid in the preservation of 1.3 million acres of precious farmland.

The many businesses that support New York's horse racing industry not only include directly related endeavors such as the 2,300 breeding, training, and racing facilities in all 62 counties across the state which work to foal, raise, and care for racehorses. It also expands to include essential ancillary businesses and workers comprised of veterinarians, farriers, and extends to independent contractors for feed, hay, and farm management equipment. NYTB is proud of its members' commitment to the farming industry as direct result from their investment in New York's horse racing industry.

New York horse racing -- and specifically thoroughbred breeding operations in New York -- is powered by everyday, hard-working individuals. Our farms are driven by family-owned operations who contribute to New York's economy in the payment of state taxes and preservation of green spaces as a direct result of their involvement in the industry.



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Adopt Governor Hochul’s Proposal Regarding a Modernized Belmont Park

Without a robust New York racing product, there cannot be a robust thoroughbred breeding community in New York. As farm owners and managers, we rely on the continued operation of Belmont Park to run our businesses, support our families, and provide good jobs for our employees. But Belmont is well past its prime. Without transforming Belmont Park, the future of New York racing is in jeopardy. That means our futures – and our workers’ futures – are in jeopardy.

Reimagining Belmont Park would provide tremendous benefits, not only for us but for New York state. It would boost the state’s economy, support thousands of jobs, and secure the future of horse racing in New York for generations to come. The construction project alone would have a greater than \$1 billion in economic impact and lead to thousands of jobs. Once complete, the new Belmont Park would create a recurring \$155 million in annual economic impact and sustain 740 new full-time jobs. Those impacts are massive – but they only scratch the surface.

We operate our thoroughbred breeding operations in New York state because of New York’s strong support for the sport of horse racing and the top-notch talent we can recruit to work here. As a result, we have built multiple communities across the state, where many of our employees live and raise their families. We and our thousands of employees want to continue to build the thoroughbred breeding industry for generations to come – but that will only be possible if Belmont Park is modernized.

Reinvesting in New York

A major credit for the recent growth in the New York breeding community is owed to the New York Thoroughbred Racing and Breeding incentive program (“the Fund”). The Fund was established by statute in 1973 to promote the thoroughbred industry in the state and preserve greenspace. 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.

It is important to acknowledge that a little over a decade ago, New York-breeding was teetering on the brink of extinction. As a sign of commitment to our industry and the benefits of the Fund, the state took the important step obligating a portion of Video Lottery Terminal (“VLT”) revenues to reinvigorate the industry. Notably, pursuant to New York Tax Law, there are three downstate video lottery gaming facilities that, under certain circumstances, are obligated to make payments to support New York’s thoroughbred racing industry:

- (i) the facility operated at Aqueduct racetrack;
- (ii) the facility operated by the Nassau County Off-Track Betting Corporation (“OTB”) (co-located at the Aqueduct facility); and
- (iii) the facility operated by the Suffolk County OTB.



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Collectively referred to as racing support payments, a percentage of VLT revenue raised at each of these facilities are to be deducted from the operator's vendor fee to:

1. enhance purses at the NYRA racetracks (Aqueduct, Belmont Park, and Saratoga), and promote and ensure equine health and safety in New York, as well as fund jockey health insurance;
2. support the Fund; and
3. offset costs that NYRA incurs for making capital improvements and conducting operations.

In recent years, NYTB had been proud to report that breeding in New York had been vibrant, in significant part due to the great work of the Fund and VLT Revenue allocated for the industry. Farms started to reopen, new stakeholders brought business to the State, and the quality of stock improved. All of this has resulted in the best measure of breeder success: a boom market for New York-breds at thoroughbred auctions. In fact, over a 6-year period, the value of the average New York-bred yearling increased by more than 120%.

But then came COVID. NYRA was required to close its tracks – first offering no racing whatsoever, and then, after a several month hiatus, they started offering racing without allowing fans in the stands. While racing was shuttered there was no source of revenue for our industry to pay bills, continue employment, and support farm related services. Many small owners and breeders that make up our great sport were forced to the brink of bankruptcy. Further compounding these financial woes was that the pandemic caused the downstate VLT facilities to close. The revival of supports to the Fund, however, will help ensure continued high-quality breeding in New York, leading to high quality racing product in New York, and jobs for those thousands of New Yorkers in the related industries. The hardships faced by thoroughbred breeders and the ancillary businesses during the pandemic that support and make their livelihood from our industry would be exacerbated if racing support payments do not continue. Any attempt to end these racing support payments must be viewed as an attempt to end the sport of racing. The result would be a catastrophic impact to New York's equine industry, damaging racing's ability to serve as an economic engine and risking the livelihood and jobs or working families and farms in New York State. In contrast, authorizing NYRA to consolidate racing at Belmont Park will help inspire a new generation of racing fans, leading to increased opportunities for racing and breeding.

Conclusion

NYTB looks forward to partnering with the State in continuing to find a path to increasing revenue for the State's breeding fund and thoroughbred racing generally for the health of our industry. The most immediate way to continue New York's success in this space is to empower NYRA to proceed with redeveloping Belmont Park by including the Governor's \$455 million loan proposal in the final budget. This major investment in the State's future comes at no economic cost to the State, as NYRA will be obligated to repay every dollar borrowed, plus interest. For thoroughbred racing – and breeding -- to thrive in New York, it is critical that we have a year-round ecosystem of racing, with anchors both upstate and downstate. Strengthening Belmont Park supports the hundreds of New



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Yorkers from Queens, Long Island, and the surrounding area who work at Belmont as carpenters, electricians, cooks, waiters, grooms, tellers, and more; but doing so will also benefit the nearly 300 thoroughbred breeding farms located in almost every county of the state that make up the membership of NYTB.

NYTB appreciates the opportunity to submit this testimony and looks forward to working with the Committee and the entire Legislature to ensure that New York's racing and thoroughbred industry continues to grow in the State and helps all the direct and ancillary businesses apart of our industry.

Respectfully submitted,

Najja Thompson
Executive Director
New York Thoroughbred Breeders, Inc.