



NEW YORK STATE SENATOR

Martin J. Golden

Senators Golden, Lanza Call for Passage of Legislation to Help Otbs

MARTIN J. GOLDEN March 4, 2011

Albany - State Senators Martin J. Golden (R-C-I, 22nd District) Andrew J. Lanza (R-C-I, 24th District) today renewed their call to make the necessary changes in the payment structure to ensure the financial viability of Off-Track Betting Corporations (OTBs) statewide in the wake of the Suffolk County Off-Track Betting Corporation's recent move toward filing bankruptcy and recent reports that Nassau OTB's handle is significantly down.

The legislation, sponsored by Senators Golden and Lanza addresses both outdated payment obligations currently hampering all OTBs as well as unfair competition from out-of-state entities to give every OTB in New York State a better financial future while continuing to support the horse racing and breeding industries and local governments.

Should the Suffolk County Off-Track Betting Corporation move forward with its plans, it would become the second of the state's OTBs to declare bankruptcy. New York City OTB went out of business in December of 2010.

Nassau OTB reports its handle is down by 20% since December 2010 due to increased competition and antiquated statutory payment requirements. Nassau OTB officials have signaled it could be the state's third OTB headed toward bankruptcy.

"This legislation makes necessary changes to the payments OTBs are required to pay to the tracks, but are no longer needed since the tracks have enjoyed lucrative gains from video gaming revenue for the past several years," said Senator Golden. "The payment structure imposed on OTBs is outdated and as a result, several OTBs across the state are struggling. I urge my colleagues to pass this bill, which would help to keep OTBs viable while continuing to support the racing and breeding industries."

"This is win-win legislation, in which we can put people back to work and provide a much needed revenue stream for the State," said Senator Andrew Lanza. "I commend Senator Golden for his leadership."

To help ensure the financial viability of every OTB in New York State, Senate bill S. 3334 would:

- Eliminate the requirement for OTBs to pay harness tracks "dark day" payments.
- Eliminate the requirement for OTBs to pay tracks "Maintenance of Effort" or "hold harmless" payments.

- Stipulates that the elimination of “dark day” and “hold harmless” payments to tracks shall not effect payments to the standardbred and thoroughbred horse breeding funds.
- Allows OTBs to retain their uncashed tickets.
- Directs the New York State Racing and Wagering Board to determine whether out-of-state internet wagering sites taking wagers from New York residents have a detrimental effect on the racing industry, and if such detriment exists, authorizes the Board to eliminate or regulate the practice.

Dark day payments were imposed in 1997 as an off-set to the tracks for OTBs taking simulcast wagering on out-of-state thoroughbred races. Beginning in 2003, OTBs were required to make “hold harmless” payments in turn for being allowed to simulcast unlimited races including nighttime thoroughbred signals. However, the harness tracks have since enjoyed substantial revenues from video gaming operations while OTBs’ revenues have declined; therefore the monies would best benefit the OTBs.

The measure would also allow for privatizing the New York City OTB through an RFP selection process while still benefiting the state’s racing and horse breeding industries and setting up a fund to ensure eligible NYC OTB retirees receive health benefits.

By restructuring the corporation to allow for a private vendor operator, the state will encourage the participation of the best and the brightest of the business world to bring new ideas and new life to off-track betting programs statewide. Utilizing a Request for Proposal

procurement procedures will ensure an open process that is fair, impartial, and in line with New York State procurement requirements.