



Senate Committee on Racing, Gaming and Wagering

WITNESS RESPONSE INFORMATION: HEARING TO CONSIDER THE POTENTIAL FOR SPORTS BETTING IN NEW YORK STATE

Thank you Mr. Chairman for the opportunity to speak on behalf of the New York Thoroughbred Horsemen. Our organization represents nearly 5,000 small businessmen and women in New York - the horse owners and horse trainers of the thoroughbred industry. I am also proud to be sitting here next to the President of the New York Racing Association and the Chief Executive of the New York Breeders.

Thoroughbred Racing enjoys an over 150-year history in New York and is currently the second largest agribusiness in the state. Our members are the backbone of an industry that provides New York with 33,000 full-time jobs and \$4.2 billion in economic impact. Our members employ more than 3,000 backstretch workers at the New York Racing Association tracks in Nassau County, Queens County and Saratoga County. Many horse owners also operate businesses over and above their involvement in thoroughbred racing, living, working and offering employment in every one of New York's 62 counties.

More to the point of today's hearing, the pari-mutuel system has served New York State well for over 75 years, generating hundreds of millions of dollars in tax revenue. Our industry knows a little something about wagering on sporting events.

I am here today to support the inclusion of the current bet taking outlets (racetracks, OTBs and racinos) as participants in whatever system that will be implemented over the next few years.

As we await the Supreme Court decision in *Christie v NCAA*, there is great anticipation of the riches that will be unlocked due to the liberalization of the sports wagering laws. I hope we can use our history here in New York to inform both the law and rule making processes. What have we learned from over a century of horse related gaming in New York?

Existing wagering outlets should be included, simply, because it is the best way for New York State to ensure a widely available, well-regulated system that serves the needs and interests of its residents. More specifically, the advantages are:

1. The participants are well known to the State, its Gaming Commission and the millions of customers throughout the state – NYRA, the OTBs and racinos are already licensed, regulated and audited.
2. The participants have long-standing business relationships and a history of working through the economics of wagering.

January 24, 2018



3. The participants have provided hundreds of millions of dollars in tax revenue to the State.
4. The current system has integrity, and that quality is understood by the legislature, the executive, the participants and the customers.

This is a unique generational opportunity to establish a best in class wagering system, but New York has a choice to make. Do we want a modern wagering architecture designed to best serve the residents of New York, support jobs and deliver consistent revenue to the state government?

New York should adopt a wagering architecture that includes technological flexibility and innovations (e.g. on-line access, exchange wagering, in-game). Forward thinking gaming states (e.g. Oregon, South Dakota) will adopt more progressive regulations, leaving less savvy states behind. An ideal platform for New York State would possess:

1. The ability to handle unlimited amounts of wagering dollars.
2. Availability within New York as well as the rest of the nation.
3. Access to a complete array of wagering technology.
4. A widespread network of bricks and mortar as well as online access options.
5. The confidence of customers, regulators and partners.

A system like this already exists and functions in New York today – the pari-mutuel system of which NYRA is the anchor.

Surely, state government has been approached by many bookmakers promising riches, respectability and a quick start. Similarly, a windfall was expected from the proliferation of casinos throughout the State. Unfortunately, the early returns are not meeting expectations.

More to the point – under an archaic bookmaking system, New York and its casino partners will be disappointed with the revenue they will receive from sports wagering.

1. Pools will not be deep, limiting the scope of economic activity.
2. Arbitrary betting limits will be imposed.
3. Service to customers will suffer in a non-competitive, monopolistic environment.
4. Finally, customers will flee. In the internet age, with fluid economic borders, one can't prevent people from betting where they want, no matter what the law says.

Does New York State really want a bookmaker system? Even though back-end providers may seem like large companies, in the end they are really bookmakers, more sophisticated but operating essentially the same system as the illicit ones that the law surely hopes to eradicate.



To Conclude, I would like to offer a few suggestions:

1. Be Deliberate – Many hopeful providers will rush to impose a system without fully understanding the ramifications. Let's think this through and plan for the system with the greatest benefit for New York.
2. There is no first-mover advantage in modern wagering. Because dollars can flow across the internet, ignoring state and even international borders, the idea that we must take action because our neighbors have is wrong. It's more important to establish a functional, efficient system that customers appreciate.
3. New York has a unique opportunity. It is one of very few states that has enough population and wealth to fund its own market. We don't need the liquidity promised by others – we have the size and capability to design a system that meets all the needs of the stakeholders.

To conclude, the Thoroughbred Horsemen of New York strongly support extending sports wagering to the existing bet-taking system with its well known history, integrity and participants.

The thousands of NYTHA members and our employees would like to thank you for this opportunity to speak. We look forward to working with the Legislature and the Executive Branch on this topic.