

Senate Hearing:

I'm Rick Violette, president of the New York Thoroughbred Horsemen's Association. We represent the thousands of New York horse owners and trainers, who employ tens of thousands of grooms, hotwalkers, exercise riders, night watchmen, and assistant trainers. We are New York Racing.

How did racing get started? It was one owner saying to another – my horse is faster than yours and the other responding, "Wanna bet?" That's still at the core of racing today. That is New York Racing.

The heart of New York Racing is not Aqueduct or Belmont Park or Saratoga, any more than New York baseball is Yankee Stadium. Those are just playing fields. The Yankees wouldn't be the Yankees without the guys in pinstripes, the Mariano Riveras and Derek Jeters and Mickey Mantles. New York Racing wouldn't be New York Racing without the stars - the horses - and people who put on the show – the owners and trainers. Without New York's horses, and the owners and trainers who support them, Belmont Park is just a great place to practice your yodeling. We are the Yankees of New York Racing.

It is the owners and trainers and breeders and farm owners who provide the bulk of the 33,000 direct and indirect full-time jobs and who are responsible for the lion's share of the \$4.2 billion in economic impact related to New York's equine industry. We hire the veterinarians and blacksmiths and feed companies and tack shops and contractors and accountants. We buy the hay and grain and saddles and bridles, we pay sales tax, income tax and property tax.

Our employees are renting and buying homes, they are spending their money at the deli and the car wash and the grocery store and the dry cleaners and the gas station and all the other local businesses in Saratoga and Queens and Long Island.

The Thoroughbred industry is a vital component of the economy of New York. Horses are the second largest agribusiness in the state.

Ford keeps 700 jobs in the U.S.; Saab brings 260 jobs to Syracuse,(with a state subsidy) – that's headline news. We are New York Racing and we provide thousands of jobs to New Yorkers in every county in the state – that should be on the front page, above the fold. Our efforts should be fostered and encouraged, not thwarted at every turn.

Unfortunately, that's not the case. There has been a nuclear ramp-up in the cannibalization of our revenue from the VLTs. It was never envisioned that VLT revenue would be taken directly from the Thoroughbred industry to subsidize Genting and to bail out Nassau County OTB. The 1,000 Nassau County VLTs were not intended to be set up right next to the VLTs at Aqueduct, and they certainly were not supposed to be appropriated from us. But they couldn't find a location for their VLT machines in Nassau County, so they jumped at a deal with Genting. With an MOU approved by the Gaming Commission, Genting carved out 460 current, revenue producing VLTs - about 10% of the total machines – at Aqueduct, and designated them as Nassau County OTB VLT machines. No new machines have been set up, there is no time table for expansion at the casino, and there is nothing to stop Genting from taking another 540 machines from the racing industry and handing them over to fulfill the Nassau County OTB agreement. The deal takes revenue right out of the pockets of the Thoroughbred industry.

Why did Genting do that? That's easy to answer - Genting gets an 8-point raise under the deal with Nassau County OTB. They receive 30% of revenue from the Nassau County designated OTB machines as

opposed to 22% from the rest of the Aqueduct machines. Genting also eliminates a competitor, and they get funding for capital investment - 1% of revenue from the VLTs when hosting 499-999 Nassau County OTB machines, and 4% when they reach the magic number of 1,000. Where does this additional funding come from? Education.

Think how ridiculous that is. Genting gets to eliminate a competitor in their backyard by taking over the Nassau County OTB VLT operation, and gets to eliminate the possibility of a new competitor who might have secured a foot in the door for the expanding New York Casino market with Nassau County OTB, and then been in the mix for Catskills, Kennedy Airport, LaGuardia. Did they pay for this “non-competitive” advantage? NO. They were paid more for it. Did Genting take less points or agree to shoulder more of the capital improvement budget? NO. They actually receive more revenue. It’s as if your mortgage company came to you and said, “We want to lower your interest rate by 30% and pay down your principal - we’ll just make your neighbor pick up the difference.”

It gets even worse – Genting has cherry picked the best of the machines, the VLTs generating the highest revenue, and designated them as Nassau County OTB machines. The funds appropriated from racing and breeding drop not 10%, but effectively 30%. When the news hit last year that there was a proposal to reprivatize NYRA that might cost NYRA as much as \$12 million, there was an uproar. Well, guess what – this deal will cost New York’s horsemen \$10-12 million, and that is the tip of the iceberg. There’s no telling how much damage will be done to us – to New York Racing - if this is not corrected before an additional 540 machines are carved out.

There is also uncertainty as to how much racing New York will host in the future. Racing dates are sacred to the stability of New York’s Thoroughbred industry. That stability safeguards the 33,000 full-time jobs, it strengthens the economies in the cities and towns that support Thoroughbred racing and breeding. A year-round racing schedule is central to long-term planning and long-term investment in New York’s Thoroughbred industry. Protect the racing calendar and you encourage the growth of the industry.

Make no mistake about it – without a stable and consistent program of year-round racing to preserve jobs, there will be no breeding industry in New York.

More and more the standard for almost any industry is long-term planning.

This is critical to both racing and breeding. Years ago the normal length of a home mortgage was 20 years, now 30 years is the norm. Large capital projects now require 40-year amortization. To think that racing is immune to this kind of long term planning is like thinking that mobile phones still have to be the size of a bottle of wine. A stable economy within an industry is a launching pad for growth; lack of stability can be the death of an industry. Without stable projected revenue streams, any growth and expansion will be stopped in its tracks. To attract business from out of state, whether it be farms or breeders bringing in stallions or mares, or owners and trainers coming in from out of state, or expansion from those horsemen already doing business in New York, the idea that revenue streams could shrink from legislative session to legislative session makes long-term planning a non-starter. A long term commitment from the State of New York is critical to the health and growth of Racing We thought we had it, but, year after year the rug is threatened to be pulled out from under us, hardly the secure feeling investors need, be it investors in Racing or investors in the State of New York.

We are New York Racing, and we must have significant input into anything regarding the racing calendar or any issue that could affect the health and well-being of our industry.

We want to thank our friends in Albany – Senator Bonacic and Senator Marchione have been staunch advocates for New York racing. God bless the horseplayers, there would be no New York racing without them.

We believe everyone in New York should be working together to promote and protect and expand the Thoroughbred industry and the thousands of jobs and billions in economic impact we represent. To do otherwise is bad for the business of horse racing, it's bad for the business of the State of New York.