

NEW YORK STATE TASK FORCE ON THE FUTURE OF OFF-TRACK BETTING

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OTB TASK FORCE: NY MUST OVERHAUL OFF TRACK BETTING NOW

The Task Force on the Future of Off-Track Betting today called for a sweeping overhaul in the way New York State's six regional OTB corporations operate and urged state lawmakers to require them to centralize tote systems, account wagering services and simulcasting and marketing efforts.

The Task Force also urged the Legislature to amend state Racing Law to require out-of-state advance deposit wagering operators that accept wagers from New Yorkers to be licensed by the state Racing and Wagering Board.

In its 197-page, data-packed report, the Task Force also recommended that:

*** OTBs consolidate their marketing and business functions in order to provide a more efficient and cohesive approach that will benefit all pari-mutuel stakeholders.*

*** Out-of-state betting concerns be required to pay the same regulatory fees, Breeder contribution fees and host fees on each wager accepted from New York as the New York-based OTB companies.*

*** The streamlining of management positions throughout the OTB network in order to cut overhead from a system that currently spends more than \$10 million per year for total executive compensation.*

*** Set the stage for having the tracks earn a higher rate for their simulcast signals exported to out of state entities by setting a single rate for what all OTBs – those in-state as well as out of state -- pay for the signal. Those entities and states that refuse to pay the higher rates would be blocked from accessing the entire New York State platform.*

*** Eliminate current restrictions on in-home simulcasting and internet video streaming.*

"The time for streamlining OTB in New York is long past overdue," said Task Force Chairman John Van Lindt. "Having a vibrant and efficient network of OTB operations is critical to the future of New York's Thoroughbred and Standardbred racing -- as well as to the taxpayers. I thank Governor David A. Paterson for giving us the opportunity to conduct this study and I urge our state legislators to give consideration to our conclusions."

The Task Force urged lawmakers to only consider privatizing New York's OTB corporations if they rejected the panel's recommendations.

"We have identified many ways to make OTBs more efficient and help them better producers of revenue, with one great example being the lifting of certain restrictions that put both the OTB

corporations and the tracks in better position to compete with out of state ADWs,” said Task Force member John Crotty.

In another major proposed revision to state Racing Law, the Task Force recommended the elimination of the requirement that the OTB corporations make dark day, maintenance of effort and hold harmless payments to those tracks with video gaming operations in operation for 24 months or longer.

“These protectionist payments are no longer needed by the harness tracks, in part because the introduction of video gaming has provided great financial benefit to their racing operations,” said Task Force Member Jerry Skurnik.

Among new efficiencies sought by the Task Force are the streamlining of management operations and cost-cutting throughout the OTB structure. The Task Force noted that, when combined, the salaries for managerial staff at the six OTBs comes to more than \$10.5 million, not including benefits.

At a series of meetings that began in May 2009, the Task Force solicited comments and proposals from local government representatives, racing industry executives, breeders, horsemen, the betting public, video lottery parlor operators and OTB executives.

The Task Force, while accepting some changes sought by the OTBs, rejected a proposal that statutory amounts be paid after paying all OTB operating expenses. “If this idea were to be adopted, there would be little incentive for the OTBs to reduce overhead,” said Task Force Member Thomas Casaregola.

To strengthen New York’s native breeding and racing industries, the Task Force recommended that OTBs be required to prominently display and give preference to all live New York State races.

“From the beginning, OTBs were authorized to operated in a manner that is compatible with the interests of breeders and other stakeholders,” said Task Force Member Skurnik. “It is crucial that New York’s own racing product be given prominent display at the New York OTBs.”

“Despite all the national challenges facing the sport of racing, the pari-mutuel wagering industry remains a vital part of the New York economy,” said Task Force Member Bradley Fischer. “These recommendations, if implemented, will help us achieve a greater public benefit from the OTBs. “ Added Task Force Member Thomas Casaregola: “We greatly appreciate the input we received from those who did cooperate with us in our quest for comment and input.”

Three members of the Task Force were appointed by Governor David A. Paterson: Mr. Van Lindt, Mr. Crotty and Mr. Casaregola. A fourth member, Mr. Skurnik, is the appointee of Assembly Speaker Sheldon Silver. The fifth, Mr. Fischer, is the appointee of Senate Democratic Majority Conference Leader John Sampson. Mr. Fischer was preceded on the Task Force by Jon McCloskey, one of the original participants. The other Task Force members thanked Mr. McCloskey for his service.

Biographical information on all the Task Force members is contained within the panel’s report, which can be found on its web site: – www.otbfuture.com