

**The Task Force on the Future of Off-Track Betting in New York State
Summary of Comments Received from the May 2009 Request For
Information From
Municipalities**

Participating

Rockland County – Have seven branch locations, Nanuet, Pearl River, Nyack, Haverstraw and three locations in Suffern. Have received the following revenues from OTB:

2004:	\$2,758,388
2005	\$2,800,651
2006	\$2,587,447
2007	\$1,941,924
2008	\$1,587,195

Offered no recommendations.

Niagara County – First response - Receives approximately \$230,000 annual revenue from OTB that is used to reduce the County property tax levy. After speaking to their county representative on Western OTB's board a second response was provided stating that Western OTB is forced to make "welfare" payments to instate tracks who are profitable VLT operators. Over the past 35 years Niagara County received over \$17,892,653 from OTB. They have five branches with thirty-four jobs that have paid nearly \$33,061,446 in wages and benefits since its inception. They also state that Western OTB pays real estate taxes and ad valorem taxes on their branches and locations and virtually negated illegal wagering on horse races.

Offered no recommendations with their first response but did provide the following recommendations with their second response:

- Change statute to allow OTBs to make statutory distributions after payment of operating expenses,
- Repeal maintenance of effort payments,
- Eliminate dark day payments,
- Reduce the regulatory fee used to fund the Racing and Wagering Board by 50%,
- Either prohibit out-of-state ADWs from accepting wagers from New York residents or require them to be licensed and regulated like the OTBs including the requirements of statutory distributions that are equal or greater than the ones the NY OTBs are required to make.

Wayne County – There is one location within the County in the Village of Newark that employs seven individuals. They provide payroll and revenue figures from the inception of OTB through 2008 and also stated they received the following:

2006 -	\$56,236
2007 -	\$73,099

2009 - \$96,411

They recommend that the current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds. They also state they oppose any changes that would diminish the amount of revenue that is distributed to Wayne County.

Sullivan County – States that since joining OTB in 2005 they have seen annual benefits of approximately \$330,000 be reduced to \$216,000 as a result of changes in law by the State to confiscate regulatory costs, authorized and tolerated slot machines and out of state ADW to poach business and bets from OTB.

These problems can be mitigated by supporting Catskill OTBs 2009 Legislative Plan including “Keep New York money in New York, Out of state Internet and Account wagering operators should be blocked and or licensed and required to pay fees to the counties and industry.

Further stated that the State has done nothing since it took over NYCOTB and now threaten to consolidate OTB operations which would be a detriment to Sullivan County.

Genesee County – They have 2 Western OTB branches in their county that provides 47 jobs. They provide payroll and revenue figures from the inception of OTB through 2008. Also as a hosting community for an OTB/Race Track the county, City of Batavia and Town of Batavia receives approximately \$500,000 in their general fund and has about 300 employees contribute to their local economy. They state that Western OTB has made the following recommendations that if enacted would assure their profitability:

- The current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds.
- Repeal the “Maintenance of Effort” provisions that have resulted in “welfare” payments to the “unneedy”.
- Eliminate “Dark Day” “welfare” subsidies they pay the tracks.
- Require an industry wide application of the Regulatory fee and reduce it from .5% to .25%. (This appears to mean to apply the fee to ADWs.)
- License out of state ADWs and require them to pay same statutory payments as the OTBs. The current model provides for unfair competition.
- OTBs should be allowed one site each for operation of video lottery gaming.

Fulton County – Recommends improving the revenue stream for local governments by correcting the current model that requires their OTB, Capital OTB to subsidize a privately owned harness track that has generated billions of dollars in VLT handle since its inception. Also recommends:

- Licensing out of state ADWs and requiring them to pay same statutory payments as the OTBs
- Repeal Maintenance of Effort payments to harness tracks
- Repeal Dark Day payments that benefit tracks for not racing.
- Allow OTBs to retain unclaimed winning tickets
- Increase the NYRA takeout. The reduction in 2001 was a mistake that hurt the OTBs and NYRA.

Steuben County – Stated they obtained detailed information from Western OTB regarding this matter and provided a copy of the financial and statistical information with their response. Provide the following:

- Current law requires Western OTB to pay “welfare” payments to the NY tracks that can exceed the revenue OTB makes on the NY tracks races. Now that the tracks have video gaming such subsidies are no longer needed.
- Western OTB has 2 branches that provide 14 jobs that contribute the local economy. They provide payroll and revenue figures from the inception of OTB through 2008.

They state that Western OTB has made the following recommendations that if enacted would assure their profitability:

- The current structure for the distribution of statutory monies be reversed from the current form where statutory payments are made prior to paying operational expense to allowing the OTBs to pay its operating expenses first then paying any statutory amounts from any remaining funds.
- Repeal the “Maintenance of Effort” provisions that have resulted in “welfare” payments to the “unneedy”.
- Eliminate “Dark Day” “welfare” subsidies they pay the tracks.
- Require an industry wide application of the Regulatory fee and reduce it from .5% to .25%. (This appears to mean to apply the fee to ADWs.)
- License out of state ADWs and require them to pay same statutory payments as the OTBs or not allow them to accept wagers from NYS residents. The current model provides for unfair competition.
- OTBs should be allowed one site each for operation of video lottery gaming.

Rensselaer County – Currently have nine (9) Capital OTB branches within the county and OTB generates an important source of revenue for the county. County revenue from OTB has gone from \$878,000 in 2001 to about \$406,000 in 2008. Stated that they understand this decrease is due to various legislation that has adversely affected OTB operations. Recommend consolidation of OTBs, which they understand the task force is considering should be done to the extent it enhances the racing industry and protects revenue stream from OTBs that the counties rely on.

Livingston County - They have 1 Western OTB branches in their county that provides 15 jobs. They provide payroll and revenue figures from the inception of

OTB through 2008. Believe the OTB system should stay “as is” with some changes to regulations that would reduce payments to harness tracks.

Suffolk County – Suffolk OTB employees 320 individuals that contribute the local economy and taxes. They operate 14 branches and 13 Quick bet locations. Revenue to Suffolk County from OTB in 2008 was \$2,299,051, which is a 57.75% decrease from 1998 revenues. Since 1999 arrest for gambling in Suffolk County has been reduced by over 30%. The County supports legislation that would decrease OTB payments to the industry and increase payments to local governments.

City of Albany – The City has a positive working relationship with Capital OTB who employs many City residents. OTB has produced from \$349,973 in 2005 to \$270,198 in 2008 of revenue for the City. Supports the following proposals to restore OTB’s strength and increase revenue:

- End Statutory Payments to the Harness Tracks
- Allow VLTs at OTBs
- Level the Playing Field for OTBs by licensing and taxing ADWs
- Provide VLT revenue sharing agreement with host municipalities

Non-Participating

Schoharie County – There is no OTB in the county and therefore does not know the current impact OTB has on them.

Recommends:

- Sharing revenue from OTB statewide to all counties (participating and non-participating) will increase statewide cooperation and gain support.
- Distribute annual report to all counties to convey a real picture of what OTB does to benefit each municipality. Include in such report how the OTBs help strengthen the racing and breeding industries in the state.
- Make OTB facilities conveniently located to provide access to more people to increase revenues. Suggest increasing the number of betting locations but not one on every corner.

City of Yonkers – There are no OTBs in the city itself but there are several branches that are very close. They report that as currently structured and authorized OTB has no impact on the City of Yonkers.

Recommend:

- As the host City to the Empire Casino at Yonkers Raceway the City of Yonkers is not in favor of bills S.4588 / A.8211 that would permit OTBs to host video lottery terminals. The City states that video lottery terminals should only be placed at designated racetracks and that while “store-front” casinos’ may produce some additional revenue, it would not be in the best interest of New York’s residents.

