

New York Thoroughbred Breeders, Inc.
57 Phila Street, 2nd Floor
Saratoga Springs, NY 12866
www.nytbreeders.org
518-587-0777
info@nytbreeders.org



June 8, 2009

Mr. John Van Lindt, Chairman
State of New York Task Force on the Future of Off-Track Betting
P.O. Box 8718, 563 New Scotland Avenue
Albany, NY 12208

Dear Chairman Van Lindt:

On behalf of the New York Thoroughbred Breeders, Inc., (“NYTB”) the trade association representing New York’s thoroughbred breeding industry we would like to thank you and the members of the Task Force for providing the NYTB with the opportunity to express our views regarding the important issues surrounding the future of off-track betting in New York State. The state’s off-track betting system has played an important role in the successful development of the breeding industry in New York, and we appreciate the opportunity give our input as the Task Force considers the future viability of OTBs, their benefit to state and local governments as well as their statutory directive to strengthen the racing and breeding industries in New York.

The New York State Thoroughbred Breeding and Development Fund was created by the legislature in 1973 to support and grow the state’s thoroughbred breeding industry. Since the creation of the Fund and the state breeding awards program it administers, there has been a steady increase in both the quantity and quality of thoroughbreds being bred and raced in New York. There are now over 400 active breeding farms in New York State. They range in size from small family farms to large commercial breeding operations. In 2008, over 40,000 acres of farmland was utilized for breeding and training of thoroughbreds in New York State, contributing over \$2 billion to our state’s gross domestic product. In keeping with the growing New York-bred population, in 2008 NYRA tracks conducted over 800 restricted races with an additional 200 carded at Finger Lakes Gaming & Racetrack.

The incentives provided by the Fund are financed from within the racing industry, using a small percentage of the total monies wagered through the pari-mutuel system on thoroughbred racing in New York State. Specifically, the regional off-track betting corporations pay one-half

New York Thoroughbred Breeders, Inc.
57 Phila Street, 2nd Floor
Saratoga Springs, NY 12866
www.nytbreeders.org
518-587-0777
info@nytbreeders.org

of 1% of total daily pools from regular, multiple and exotic bets, and 3% of super exotic bets. In fact, the Fund received about 30% of its annual revenue (\$5.8-million in 2007) from NYC OTB.

The growth in the breeding industry and the success of the NY breeding program has been largely dependent on revenue generated by in-state handle, both on and off the track. This has important implications for the future, since the Fund receives no revenue from the out-of-state simulcasting of races run in New York; this despite the fact that breeders provide much of the “product” these businesses rely on. While simulcasting and phone account wagering have grown, “live” handle is diminishing year by year as on-track attendance declines. Obviously, this migration of handle away from the pools that sustain our industry is of deep concern to the NYTB.

We urge the Task Force to consider this current inequity and the challenges it presents to the New York breeding program. Any policy change impacting the future of OTBs with respect to simulcasting should include a fair share of revenues to the breeders.

Much has been said over the years about the “competitive” nature of the relationship between OTB and the race tracks. Some have called for an entire restructuring of this arrangement, including a merger of the two entities into one organization. There have also been discussions and even attempts at privatizing both entities.

The NYTB urges the Task Force to consider options which reflect the shared purpose of the NYRA and OTBs in strengthening the racing and breeding industry. In order for the OTBs to improve efficiency and increase profitability they must work in concert with the tracks, horsemen and breeders to promote and grow this amazing sport we all depend on to succeed.

Finally, the Task Force specifically asked for industry input regarding the regulation of advanced deposit wagering (“ADW”). Experts agree that in order for horse racing to prosper into the future the industry must adapt to the changing landscape, including keeping pace with new and innovative technologies available in the market place. Account wagering has been a growing trend in the horse racing industry for many years, with phone betting and the Internet creating new outlets for bettors to experience the sport from the comfort of their own environs. Some states have banned ADW, while others have either passed or are considering legislation regulating ADW providers and their activities.

The NYTB supports the industry’s ability to provide their own form of ADW as well as negotiate with ADW companies in order to provide this enhanced wagering experience. However, we firmly maintain that the industry, including the breeders must also share in revenues generated by the source fees resulting from these arrangements. Likewise, we would support any regulations or controls aimed at prohibiting ADW companies from accepting bets from New York State residents so long as they refuse to support the in-state industry or the state.

New York Breeders play an important role in strengthening New York’s horseracing industry by helping maintain the highest levels of racing, producing superior quality thoroughbreds and meeting the demands of an industry facing increased competition from other

New York Thoroughbred Breeders, Inc.
57 Phila Street, 2nd Floor
Saratoga Springs, NY 12866
www.nytbreeders.org
518-587-0777
info@nytbreeders.org

states. Furthermore, New York Breeders invest industry revenues BACK into breeding in New York, thereby keeping that money in the local economy, protecting open space, preserving property values and creating more jobs here in the state. The NYTB understands and appreciates the fiscal challenges facing the state's off-track betting corporations. However, we urge the Task Force to protect the original intent of the program and guard against pursuing any new policies or proposals that would negatively impact the thoroughbred breeding industry

Sincerely,

Executive Director, New York Thoroughbred Breeders, Inc.