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**ADVANCING NEW YORK'S UNIQUE
RACING AND WAGERING INDUSTRY**

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**Patricia E. Salkin, Esq.
Associate Dean and Director**

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Advancing New York's Unique Racing and Wagering Industry



Patricia E. Salkin

According to a 2001 report released by the American Horse Council, the horse industry in New York contributes \$4.8 billion to the economy. That ranks New York fourth in the nation - behind California, Texas and Florida, but ahead of Kentucky, Illinois, Ohio, Colorado, Maryland, Oklahoma and Idaho. During the summer of 2001 the New York Racing Association (NYRA) broke attendance records at the Saratoga Race Track by hosting OVER A MILLION visitors, more than the track expected to handle.

Recent statistics show that the state's four thoroughbred tracks had a combined average annual attendance of more than 2.6 million people and combined total handle of just over \$568 million in 1999, according to the state Racing and Wagering Board. The state's six harness tracks were visited by approximately 700,000 people and had a combined total handle of more than \$234 million. Six regional Off-Track Betting corporations operate 229 branches and, in 1999, collected a total combined handle of more than \$1.9 billion.

State government regulates many aspects of the industry. The Racing and Wagering Board was established in 1973 to oversee all horseracing and pari-mutuel betting activities, on-track and off-track corporations in the state, and the associations and people involved in these activities. The Legislature is at the center of public policy decision-making on critical issues that will affect the future of the industry in New York.

Gaming issues are by far the topic that generates the greatest amount of public interest. Among the hot buttons is whether to allow video lottery terminals at racetracks. With the

exception of Native American-operated casinos, this type of gaming is currently illegal in the state. Law and policy issues surrounding the privatization of racetracks have taken on increased importance with the growing interest on the part of the private sector in operating tracks across the country. Recently, New York City Mayor Giuliani announced his interest in selling New York City OTB to a Canadian private business interest, Magna Entertainment. Eventual sale to Magna or to another entity will require legislative approval and likely would require legislative changes to allow for changes in OTB operations.

In August 2001, the Government Law Center of Albany Law School hosted a daylong institute on racing and wagering law in Saratoga Springs, New York. Leading public and private industry figures in the state and across the country identified dozens of issues ripe for examination and reform. For example, in the area of gaming beyond the questions surrounding VLTs, attention should be focused on the growing interest in Internet gaming to better understand the law and policy as it relates to the business of horse racing. This, combined with account wagering and other advances in technology, demand consideration of a dealing effectively with a future that may very well be off-track.

Various stakeholder interests have identified agendas that potentially require law and policy reform. These include the suggestions that the rules and regulations governing fines and suspensions for jockeys be examined to ensure that the punishment fits the crime, and consideration be given to the question of reciprocity between states for penalties including suspensions. The trainer responsibility rule

should be analyzed to ascertain the appropriateness of the burdens placed upon the trainers, the penalties imposed and the responsibility, if any, that should be shared with the owners. Owners have been urging the State to reexamine the percentage allocated for take-out on wagering, and veterinarians are pushing for necessary uniformity in approach to medication rules and regulations for horses, which travel for different state races yet face varying regulations from state to state.

Other issues that demand attention include: tax law implications for horse owners and breeders, the impact of immigration law issues on the industry, balancing deregulation in the industry and economic regulation, determining whether OTBs should be brought under one roof or continue as separate corporations, search and seizure issues at the track including the use of video surveillance in the backstretch and the increasing interest in antitrust issues and the industry. Without a strategic plan that considers the challenges of all stakeholder interests in the industry, New York will miss many opportunities, taking an unnecessary gamble as to the future of the industry in this State. To enter the winners circle with a sure bet, New York must place attention on the statistics and indicators that show what today's industry will look like tomorrow.

EDITOR'S NOTE: *This article was written and submitted before the terrorist attack on September 11th.*

Patricia E. Salkin is Associate Dean and Director of the Government Law Center of ALBANY LAW SCHOOL. She has written and lectured extensively on the subject of smart growth.