

NY Lawmakers Asked to Consider Racing in Casino Plans

Written by Administrator
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Horse racing interests asked New York State lawmakers to protect existing revenue sharing models the industry has enjoyed with video lottery terminal casinos should the state advance efforts to award three lucrative, full-style casino licenses in the New York City area.

"Protection is imperative," Jeffrey Cannizzo, executive director of the New York Thoroughbred Breeders, told a state Senate roundtable gathering in Albany this week about the key flow of funds that have gone to the racing industry under a state law dating back to 2001.

A public meeting called Feb. 12 by Sen. Joseph Addabbo, a Queens Democrat and chairman of the Senate racing, gaming and wagering committee, brought out a who's who of industry players—including Las Vegas casino companies, [Aqueduct Racetrack](#) casino operators Resorts World and horse racing trade group executives.

At issue is whether New York State should speed up the timetable—now fixed for 2023—for the development of the last three commercial casino licenses as permitted under a 2013 constitutional amendment. That amendment, plus an accompanying law, allows the state up to seven new casinos; four have already been opened in upstate with some mixed economic performances.

"We need revenue and here it is," Addabbo said at the start of the roundtable meeting.

The senator's comments referenced a \$6.1 billion deficit New York is facing in the coming fiscal year, a red ink situation that is giving some casino advocates at least a perceived opening to press the state to quicken further casino developments. Sought after the most by the industry: locating the remaining three licenses in and around New York City.

Charles Vickery, a consultant and researcher on various gambling-related industries, estimated that each casino license could be worth about \$1 billion in licensing fees to the state of New York. Others have pegged the number closer to \$500 million.

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The discussion at the state Capitol brought out executives making their various pitches for why casinos should be located everywhere from Aqueduct to the harness and VLT casino at Yonkers, which is now owned by MGM Entertainment; both are home to existing highly profitable VLT gambling halls. Other casino companies represented at the gathering, besides Resorts World, included top executives with Caesars Entertainment and Las Vegas Sands, whose lobbyist, former New York Governor David Paterson, was on hand to pitch the company.

Cannizzo said he was testifying on behalf of the New York breeders, as well as NYRA and the horsemen at NYRA tracks. He talked of the additional money that has flowed to racing—keeping it propped up—since the state began allowing VLT casinos and required revenue-sharing deals for purse and breeding accounts.

Cannizzo, in a later interview, said Thoroughbred interests have been a "direct recipient" of existing VLT casino programs, such as the Aqueduct facility that pumps millions each year into racing accounts. He said state officials need to protect existing racing industry jobs—which he put at 20,000 positions—and not reduce existing payments if new casino licenses are awarded.

"Our point is the state needs to be cognizant of our industry," he said of a push by some lawmakers to award the three downstate casino licenses sooner than later.

The 2013 commercial casino law does offer certain financial protections for the racing industry if and when new casino licenses are awarded and additional competition for limited gambling dollars are introduced in the New York City area.

The upstate casinos were promised by state officials in 2014 that they would be guaranteed a set number of years before New York would seek to open any new downstate casinos. The state originally claimed that the first round of licenses was to create upstate "destination-style" casinos in order to draw gamblers from the major population center in the New York City area. That has not happened.

Governor Andrew M. Cuomo, who ultimately controls the process, did not propose any speeding up of the downstate licenses in his recent state budget plan for 2020. But lawmakers are looking for ways to avoid big spending cuts and politically easier ways to raise funds for the government—such as through up-front casino license deals for downstate sites—in either the

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state's 2020 or 2021 fiscal years.

The state currently has a private firm conducting a gambling market study looking at the full range of casino, lottery, racetrack, OTB and sports betting sectors. Its first draft report is due April 1—the first day of the 2020 fiscal year. That time, if Cuomo and lawmakers want an on-time budget, it would appear to preclude any major gambling decisions being made as part of the budget process. Lawmakers end their 2020 session in early June.

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