Stop billions \$\$\$ in failed New York State support to horse racing

Bailouts or books? New legislation would redirect decades of wasteful racing subsidies to education.

Senate Bill S8485 and Assembly Bill A8468 would redirect \$230 million in annual horse racing subsidies to education.

Senate Bill S7260 and Assembly Bill A7745 would end sales tax exemptions for racehorses.

A diverse group of organizations support the bills—including New York Communities for Change, the Alliance for Quality Education, the Human Services Council, LiveOn NY, the Worker Justice Center of New York, Horseracing Wrongs, New York State Humane Association, PETA, Strong Economy for All, Voters for Animal Rights, and New Yorkers for Clean, Livable, and Safe Streets.

























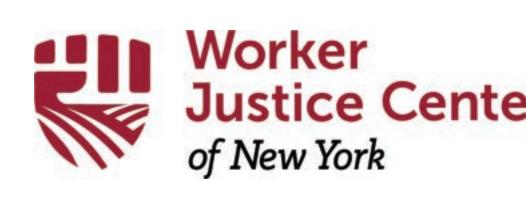








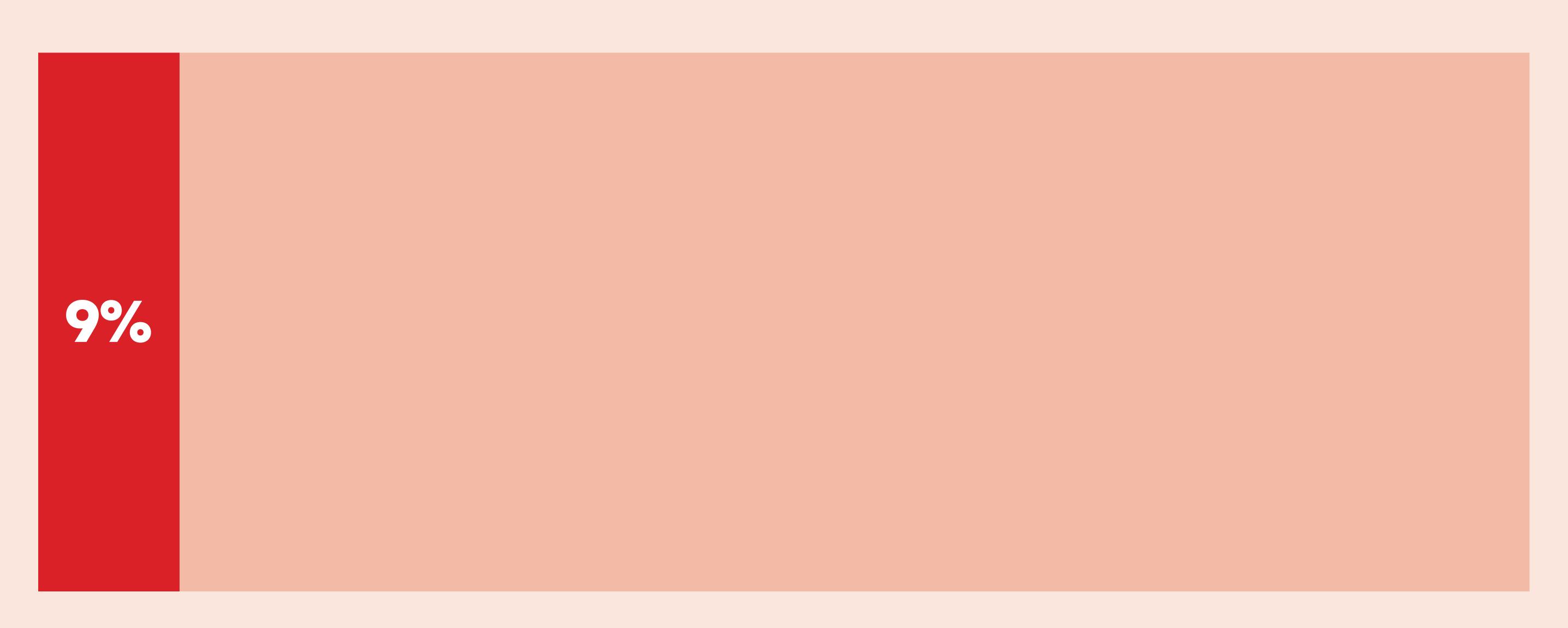




2021 Marist Poll of New Yorkers²



DON'T SUPPORT HORSE RACING SUBSIDIES



SUPPORT HORSE RACING SUBSIDIES

\$23 in state support for horse racing ... for every \$1 in tax revenue for NY

A losing bet: Wagering tax revenues from horse racing have declined by 87%² as subsidies have skyrocketed to \$230 million¹ per year.

Unlike the billions that New York's lottery, mobile sports betting, and casinos make every 12 months for the state, horse racing paid just \$10 million in state wagering taxes in 2019.¹ That means that horse racing pays the same wagering taxes today as it did in 1942, when it had only five tracks operating.³ Adjusted for today's dollars, that would mean racing should be remitting no less than \$182 million annually to New York's treasury. And if you consider that the state now has 11 tracks, the tax contribution from racing should be approximately \$400 million, instead of the \$10 million horse racing now pays.

While horse racing provides no meaningful wagering tax revenue for New York State as originally intended, New York's 11 Thoroughbred and harness racing tracks have received nearly \$3 billion in subsidies.⁴

These ongoing state appropriations, casino payments, and sweetheart lease deals should have led to financial self-sufficiency long ago. Millions of private businesses in the state have operated entirely without casino subsidies. Why does horse racing receive this corporate welfare?



2019 NYS Subsidies to Racing

2019 Wagering Taxes
From Racing

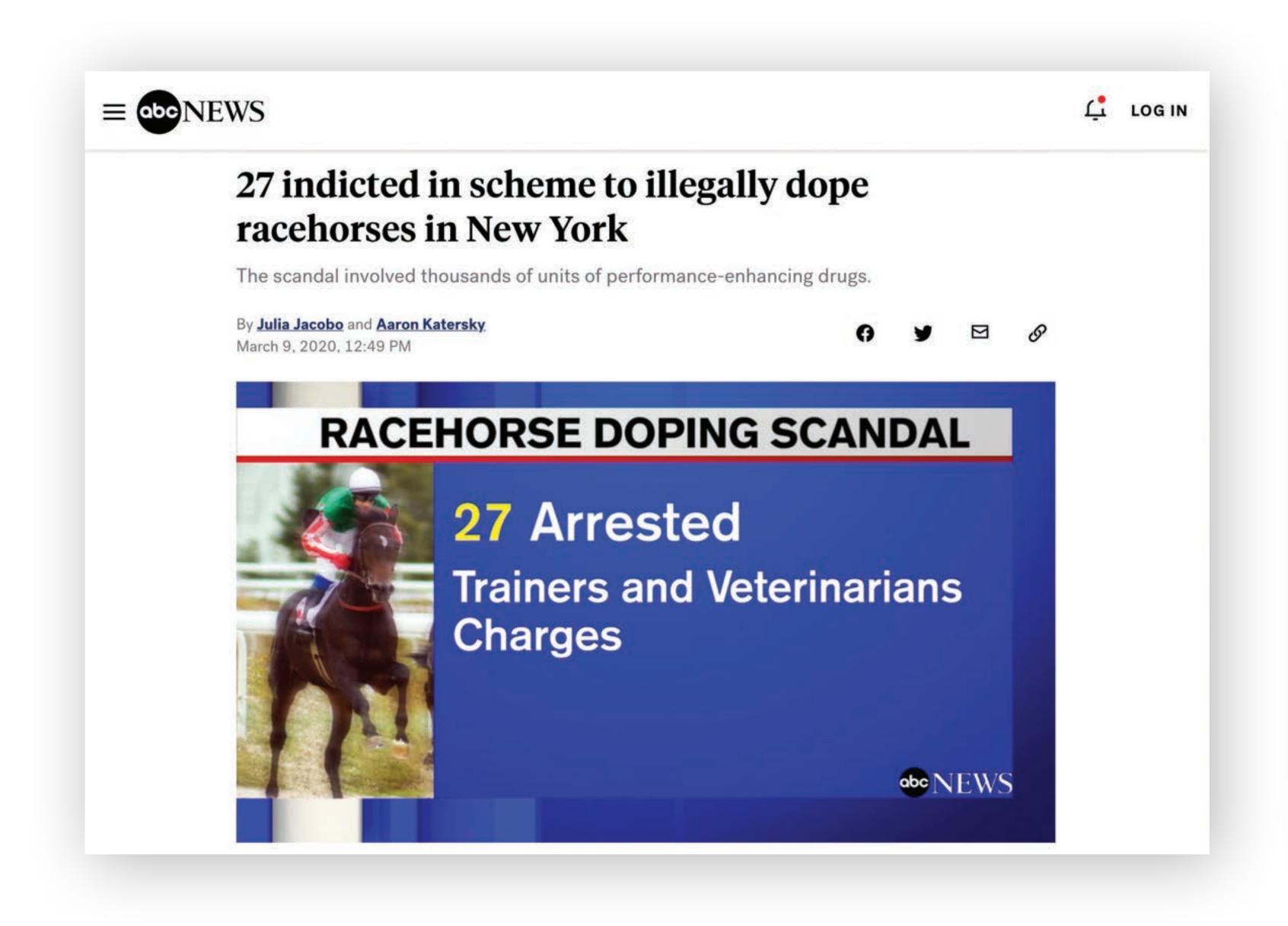
Figures from 2019, the most recent full and pre-pandemic year reported by the New York State Gaming Commission

		1978	2019
TAXES ON RACE WAGERING PAID TO NEW YORK	87%	\$83M	\$10.4M
FRANCHISE FEES PAID BY NEW YORK RACING ASSOCIATION TO NEW YORK	V 100%	\$16M	\$0
SUBSIDIES PAID TO RACING IN NEW YORK	\$230M	\$0	\$230M

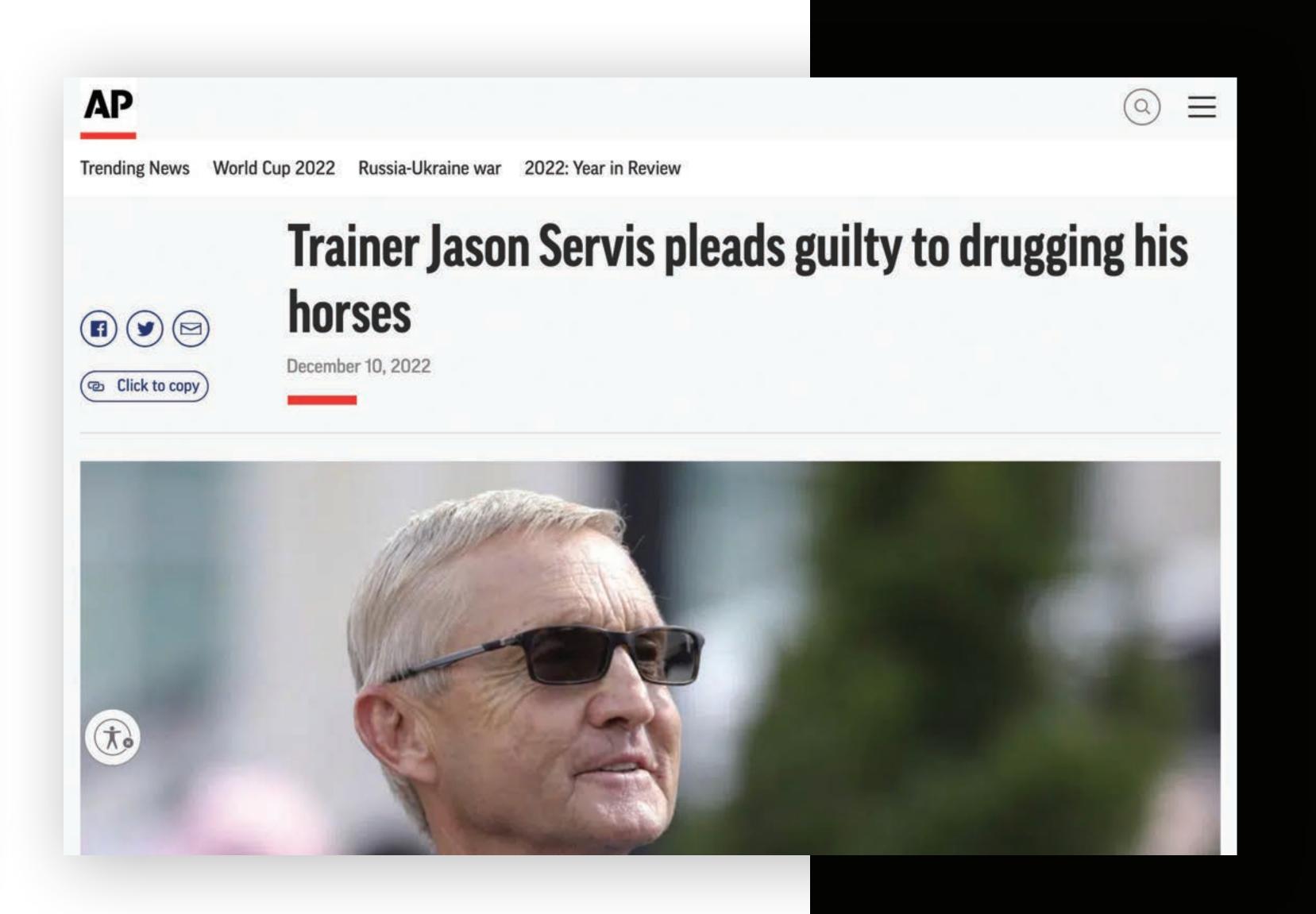
New York horse racing is rife with illegal doping

Horses are drugged to make them run faster—and it often ends in death.

An FBI sting nabbed 27 trainers, veterinarians, and others in New York racing who were indicted in 2020 for alleged illegal manufacturing and selling of banned drugs. Many of the cases are being tried right now in the Southern District. U.S. Attorney Geoffrey Berman stated, "These defendants engaged in this conduct not for the love of the sport, and certainly not out of concern for the horses, but for the money." One of the indicted is Jason Servis, who trained Maximum Security, the horse who finished first in the 2019 Kentucky Derby. Criminal investigations by federal authorities underscores the ineffectiveness of NY Gaming Commission regulators, the NY drug testing lab and private racetrack security.









NYRA's franchise agreement is a terrible deal for New York State

Perhaps the most lopsided deal the state has ever been a party to ...

When the New York Racing Association (NYRA), which operates the Aqueduct, Belmont, and Saratoga tracks, went bankrupt in 2006, the state rewarded its financial mismanagement by signing the 2008 franchise agreement. NYRA ceded land to New York, and the state paid or wrote off more than \$150 million to bail the association out of bankruptcy. NYRA gained billions in future support payments for its purses, breeding incentives, capital improvements, and operating costs—and free rent until 2033. In the process, this deal also transferred the association's significant property tax obligation to the state. NYRA spends on multimillion-dollar clubhouses, lobbyists, generous executive salaries and bonuses, and the highest purses in the nation—yet it hasn't paid a franchise fee to New York State since the 2008 agreement was signed.

¹2008 franchise agreement between New York State and the NYRA ²Defector, https://defector.com/is-horse-racing-still-too-big-to-fail/. Ryan Goldberg has written for *The New York Times, Texas Monthly, Deadspin, Popular Science*, and *The Village Voice*. "NYRA's only standing today because of a bailout unprecedented in the sport's history, and a deal that looks worse all the time."

-Ryan Goldberg, Defector²

RENT PAID BY NYRA TO NEW YORK STATE FOR SARATOGA, BELMONT, AND AQUEDUCT
NEW YORK CITY BUSINESS CORPORATION TAX PAID BY NYRA
NEW YORK STATE INCOME TAX PAID BY NYRA



New York State does not question or verify the jobs or economic impacts claimed by racing

Horse racing won't disclose specific job locations, wages, benefits, or part-time vs. full-time employee status.

Horse racing justifies its subsidies because the industry produces some jobs. So what? Hundreds of thousands of businesses in New York produce millions of jobs and more than \$1.5 trillion in gross domestic product *without* casino subsidies. Why do casino subsidies support private racing businesses rather than education or more essential industries and services?

Jobs cited by racing are often part-time, low-paying, and seasonal immigrant labor, and wage theft is a regular occurrence. In the words of former New York State Deputy Secretary for Gaming and Racing Bennett Liebman, "We may not know how many jobs [racing] has produced, but it is certainly nowhere near the levels that the surveys authored on behalf of the industry have indicated."

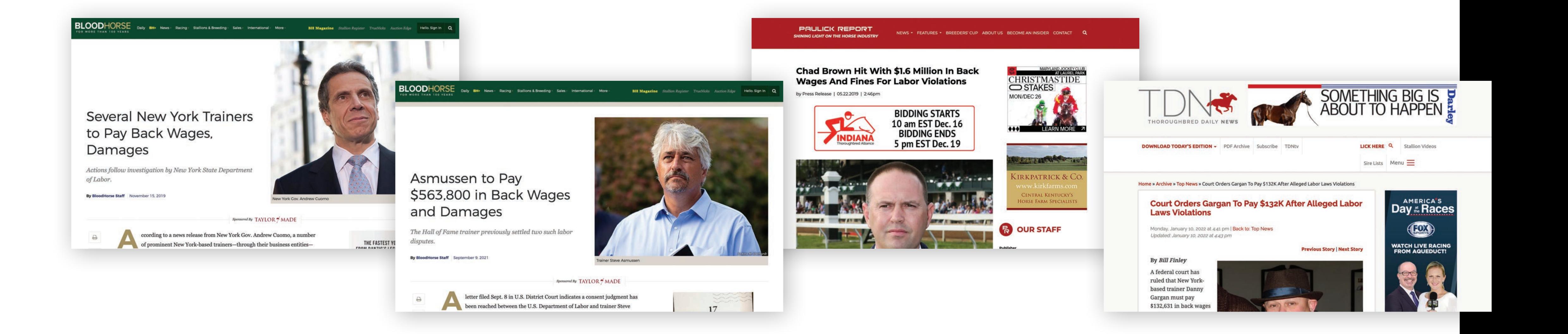
Racing jobs are disappearing because track attendance has plummeted dramatically, breeding is down, and racing labor violation fines are in the millions.

Why do casino subsidies support private racing businesses rather than education or more essential industries and services?

Racing's labor fines have totaled millions \$\$\$ in just the last 3 years'

Trainers have exploited the most vulnerable workers.

The New York racing industry has a long history of violations against its workers, from deplorable housing and working conditions to the exploitation of foreign workers who are employed by wealthy trainers using the guest worker visa program to increase profits. Multiple recent U.S. and New York State Department of Labor investigations indicate that trainers see financial penalties as part of the cost of doing business.



RECENT EMPLOYERS' SETTLEMENTS WITH THE NY DEPARTMENT OF LABOR

\$563,800	Steve Asmussen (170 workers, wages)
\$1,600,000	Chad Brown (federal investigation for violations of the H-2B GW Program)
\$526,427	Chad C. Brown Inc. (119 workers, labor laws)
\$132,000	Danny Gargan (52 workers, wages)
\$304,646	Kiaran McLaughlin Racing Stable Inc. (89 workers, wages)
\$133,747	Linda Rice Racing (113 workers, labor laws)
\$13,991	James A. Jerkens Inc. (17 workers, labor laws)
\$179,283	Shivmangal Racing Stables LLC (8 workers)
\$88,809	Leo O'Brien Stable Inc. (2 New York workers, labor laws)

Belmont Boondogle

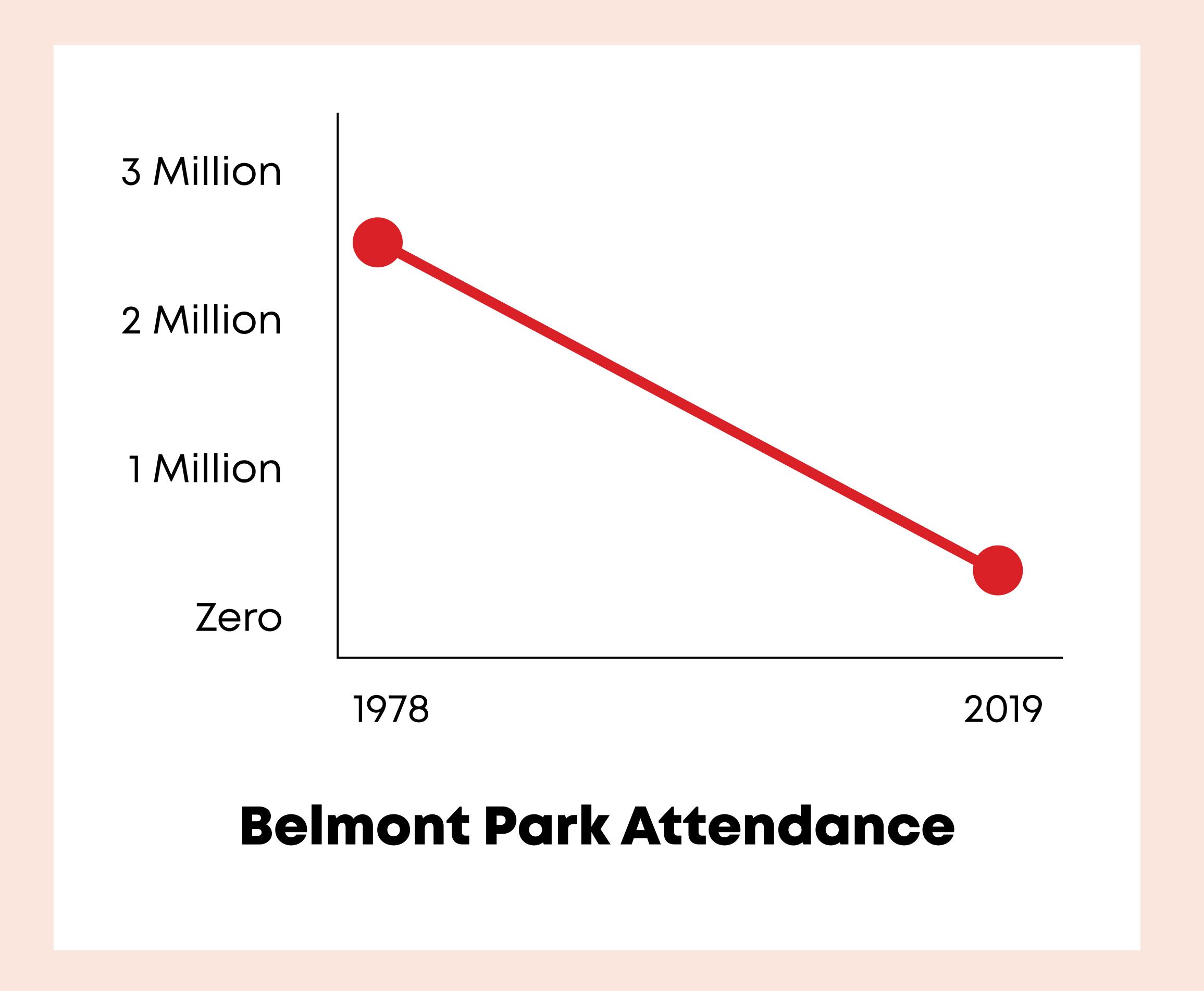
New York should not back \$455M in bonds for Belmont racetrack facilities when it has lost 87%¹ of its attendance and pays no meaningful wagering taxes.³

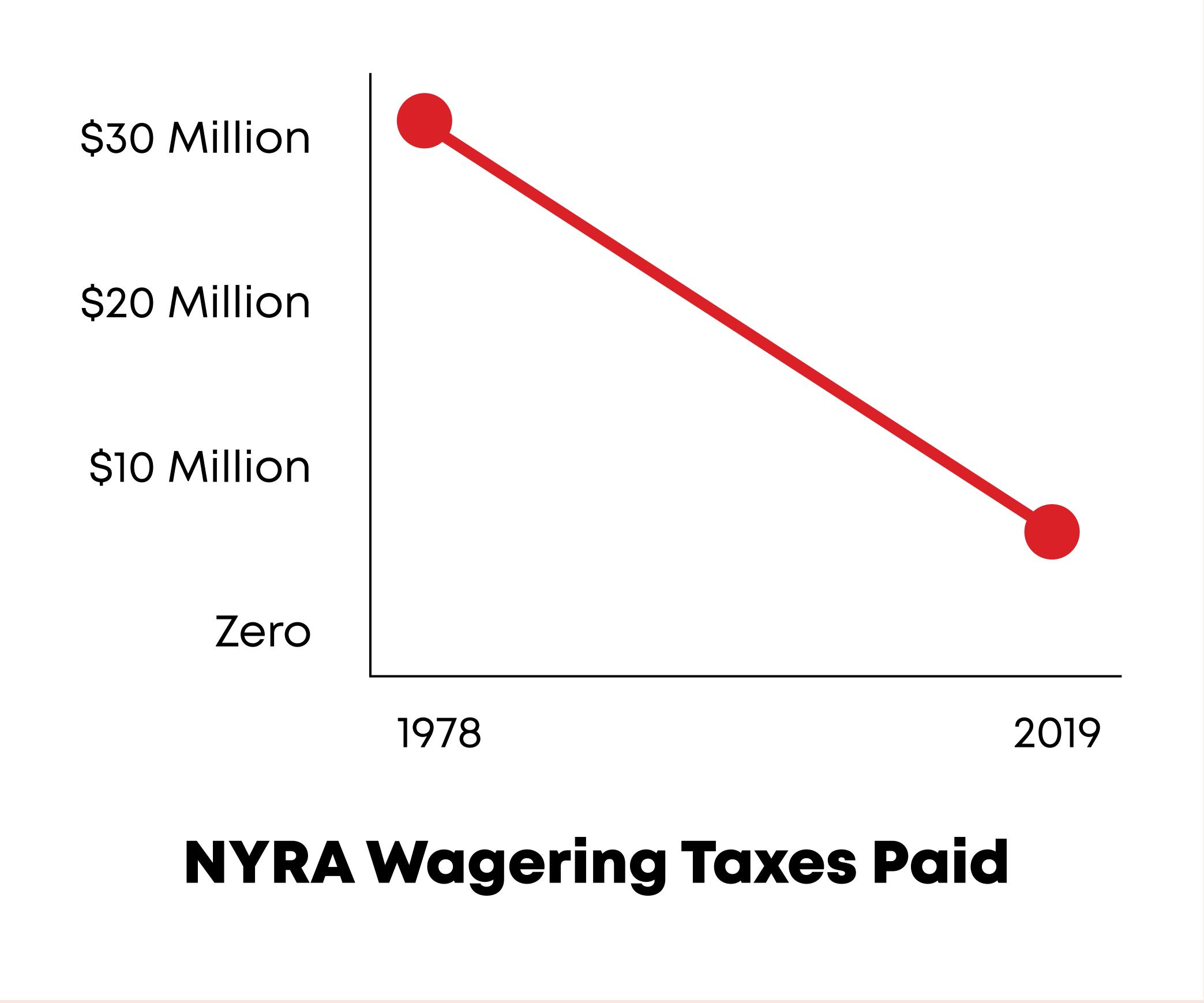
Since 2000, 41 long-established racetracks have shut down in the U.S.² So why would New York State take such a speculative risk for the next 30 years on a sport that has been declining in popularity and attendance for decades? Additionally, the state should not issue 30-year debt to NYRA when it has only 10 years left on its franchise agreement.

NYRA has a long history of bankruptcy, fiscal mismanagement, and criminality, and it pays no franchise fees to the state, no NYS Income Taxes, and no City of NY General Corporation Taxes—yet state support provides more than \$130 million annually³ for its purses, breeding, capital improvements, operational costs, and property taxes, and astoundingly, NYRA pays zero rent for leasing the state-owned racetrack facilities. What landlord charges no rent while paying the tenant's capital improvements, operational expenses, and property taxes?

ATERRIBLE BET

Stop \$455 million in state-backed bonding for a brand-new, luxury Belmont Park.





NYRA Franchise Fees Paid: 1978 = \$16 Million • 2008–2021 = \$0

More horses die every year at Belmont Park than at any other track in New York.

New Yorkers overwhelmingly oppose horse racing subsidies

83% of New Yorkers want to redirect these casino revenues to public services.¹

It's time to rescind and redirect racing subsidies to serve a far greater good. Billions in future funds currently destined for horse racing should instead be directed to the many education, healthcare, and human services organizations that efficiently serve the needs of all New York residents.

A second 2021 Marist Poll revealed that 91% of New Yorkers have no future plans to visit a New York racetrack and bet on horse racing.² This percentage contrasts dramatically with levels of interest in other professional sports, such as baseball, football, hockey, and basketball.

2021 Marist Poll of New Yorkers¹



DON'T SUPPORT HORSE RACING SUBSIDIES



SUPPORT HORSE RACING SUBSIDIES

Attendance reported at racetracks in New York³







2019

Plumeting racing attendance = fewer track jobs

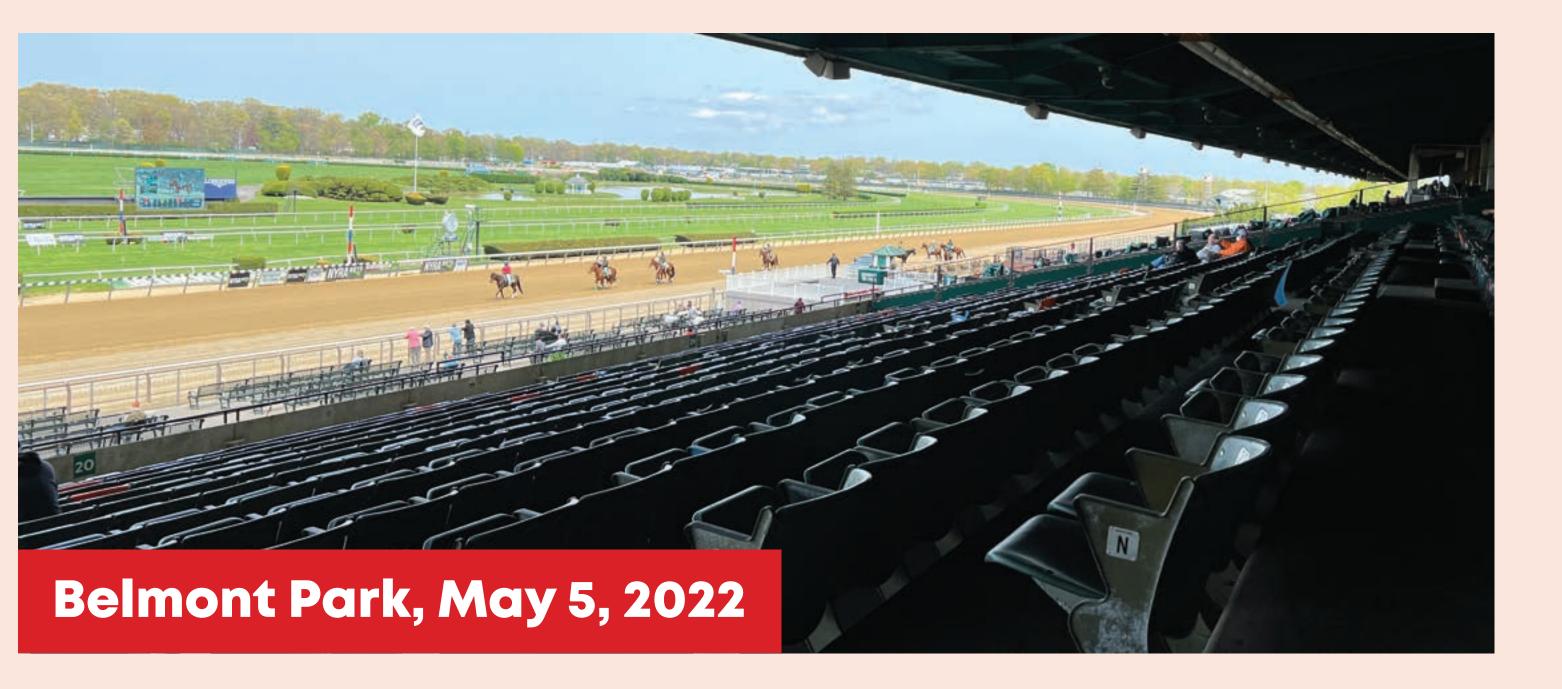
Decades of empty tracks are a financial disaster for New York.

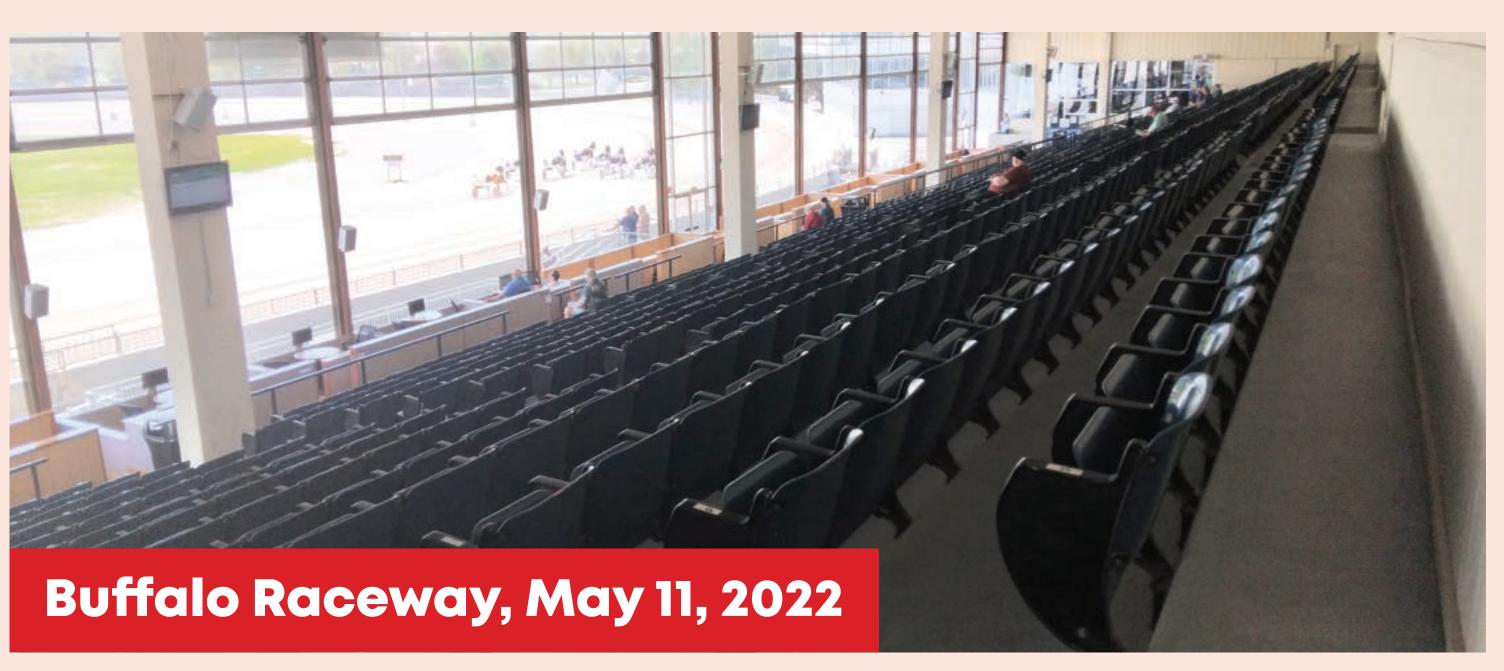
Attendance at New York tracks has dropped 88% since 1978¹—and revenue to the state from pari-mutuel wagering has dropped with it. With the exception of the Saratoga Race Course for just 40 days a year and the Belmont Stakes for a day, the grandstands at most tracks are empty and few employees are needed. Digital and off-track betting doesn't replace the lost revenue to the state. Annual racing revenue to the state is the same now—just \$10 million—as it was in 1942, in the middle of World War II.²

All pictures to the right were taken during the middle of the race card on perfect weather days—with no pandemic restrictions. Few employees were noted at any of these locations.





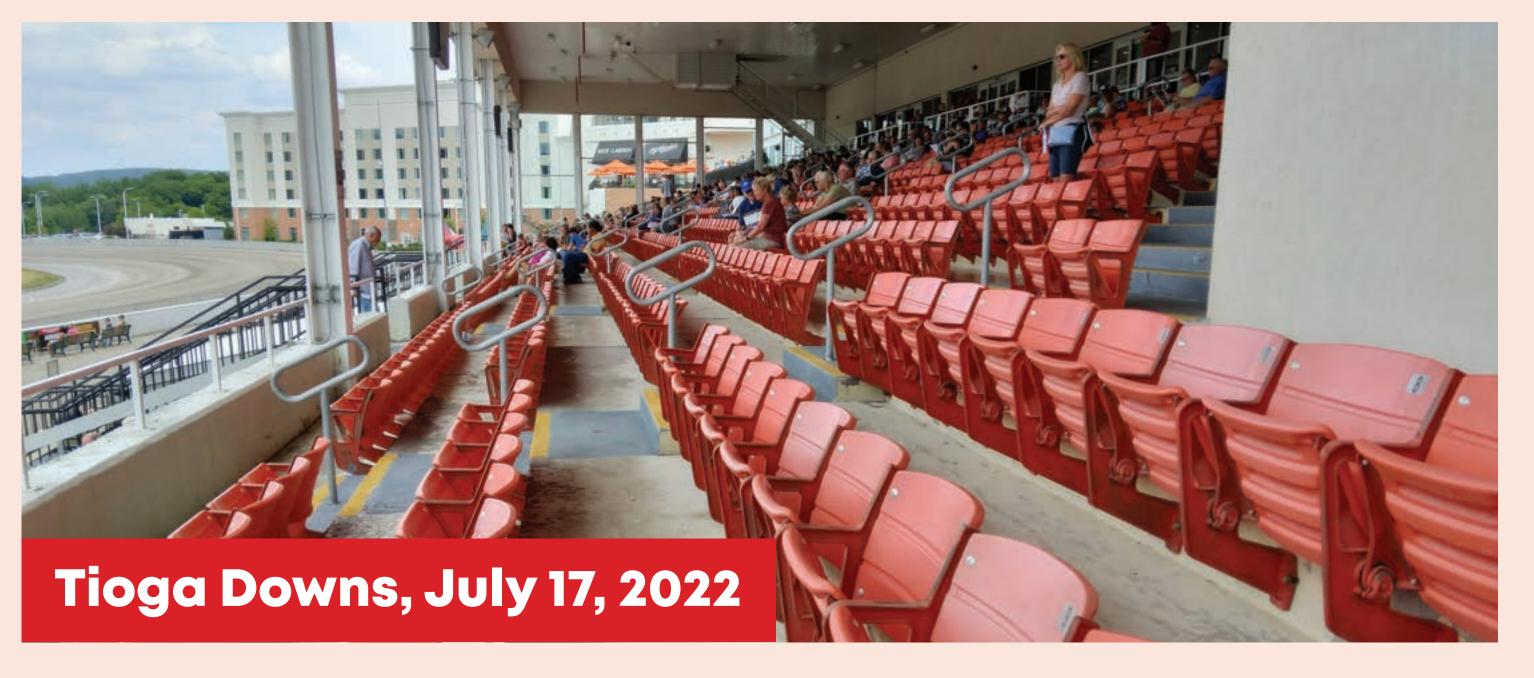
















New York racetracks = dead horses

Thousands more racehorses will die ...

At least 1,600 horses have died at New York tracks since 2009.¹ More than 100 horses died racing in the state in 2021 alone. The staggering annual death tolls are consistent—and the New York racing industry hasn't taken any meaningful action to stop the bloodbath. New Yorkers should not be forced to subsidize a "sport" that can't even keep its "athletes" alive. In addition to the deaths at racetracks in the state, racehorses also die at New York's private training facilities and at slaughterhouses in Canada and Mexico.





Sweetheart sales tax deals for the wealthy

Racehorse buyers pay NO sales tax.¹

Buy a horse to show or for your kids to ride? You owe New York sales tax. But racehorse owners who can afford to pay \$2 million for a Thoroughbred pay zero sales tax. The state loses the opportunity for tax revenue on at least \$100 million annually in racehorse sales.² In addition, racehorse owners have favorable opportunities for generous depreciation on their racehorse purchases.



NY Racing or Additional Teachers and Educational Programs?

\$230 million in annual horse racing subsidies¹ should go to education.

New York schools need teachers, and students desperately need computers, mental-health services, and even food. Kids shouldn't be denied critical resources or go hungry so that racing can pay wealthy owners to breed horses and receive higher prize money than any other state.

New York State racing subsidies are enriching other states.

Because 78% of betting on New York horse racing is from outside the state, New York isn't allowed to tax that wagering—but other states are.² Since New Yorkers shun tracks, taxes on pari-mutuel wagers that go to the state have dropped substantially, as have revenues to the tracks themselves. After 18 years of subsidies, horse racing is no closer to self-sufficiency and doesn't provide "a reasonable revenue in support of the government." The industry is addicted to \$230 million in annual video lottery terminal profits that should instead fund education. Wealthy owners, breeders, and trainers should pay for their own private gambling businesses, not New Yorkers, who have largely rejected most of the state's 11 tracks. Horse racing—like any other business in the state—should fund itself.

