



2012 Annual & Simulcast Report

Message to the Governor, Legislature and Director of the Budget

To: The Honorable Andrew M. Cuomo, Governor
Members of the New York State Legislature
Robert L. Megna, Director of the Budget

July 1, 2013

On behalf of the former Racing and Wagering Board, I respectfully submit the Board's 2012 Annual Report, as required by Chapter 346 of the Laws of 1973. Incorporated into this report is the Simulcast Report as required by the Racing, Pari-Mutuel Wagering and Breeding Law Section 1002.2.

While this report constitutes the final year of the Racing and Wagering Board's formal existence, the duties and responsibilities are being carried out in full force and effect by the New York State Gaming Commission, which was established by Chapter 60 of the Laws of 2012. Effective February 1, 2013, the functions of the Racing and Wagering Board and the Division of the Lottery have been merged into the new agency. This Gaming Commission provides all-encompassing regulatory oversight of all gaming in New York State, whether it be horse racing, charitable gaming, Indian gaming, the Lottery or video lottery facilities. Should a constitutional amendment to permit full casino gaming in the state be approved by voters in November 2013, this agency will provide regulatory oversight of such gaming.

The Racing and Wagering Board's role in regulating pari-mutuel wagering, charitable gaming and Indian gaming throughout 2012 saw many significant developments. Most significantly, the Board was integrally responsive to an alarming rise in equine fatalities at the Aqueduct Racetrack during its Winter meet. Board staff delved into the issue to determine the root causes and identify ways to curtail the deaths and injuries of equine athletes. Through Governor Cuomo's leadership, the New York State Task Force on Equine Health and Safety was formed to investigate all aspects of each fatality. In September 2012, the group announced its findings and recommendations. The Racing and Wagering Board immediately took steps to implement the necessary rulemaking and policy changes to adopt the recommendations. The Gaming Commission continues to be vigilant in monitoring conditions and circumstances at New York racetracks to ensure the safety of the equine athlete and its rider or driver.

The Board's charitable gaming unit continued to root out accounting irregularities at non-profit entities across the state and increased the number of compliance training seminars. The unit has done an exemplary job in holding non-profits accountable for their licensed gaming activity and will continue to be a visible presence throughout New York State.

The gaming unit continued to provide necessary oversight and monitoring of the games at Class III Native American facilities across the state.

The New York State Gaming Commission looks forward to continuing to partner and collaborate with all our colleagues in state government and in the various gaming industries we regulate in order to make a better New York State.

Respectfully Submitted,

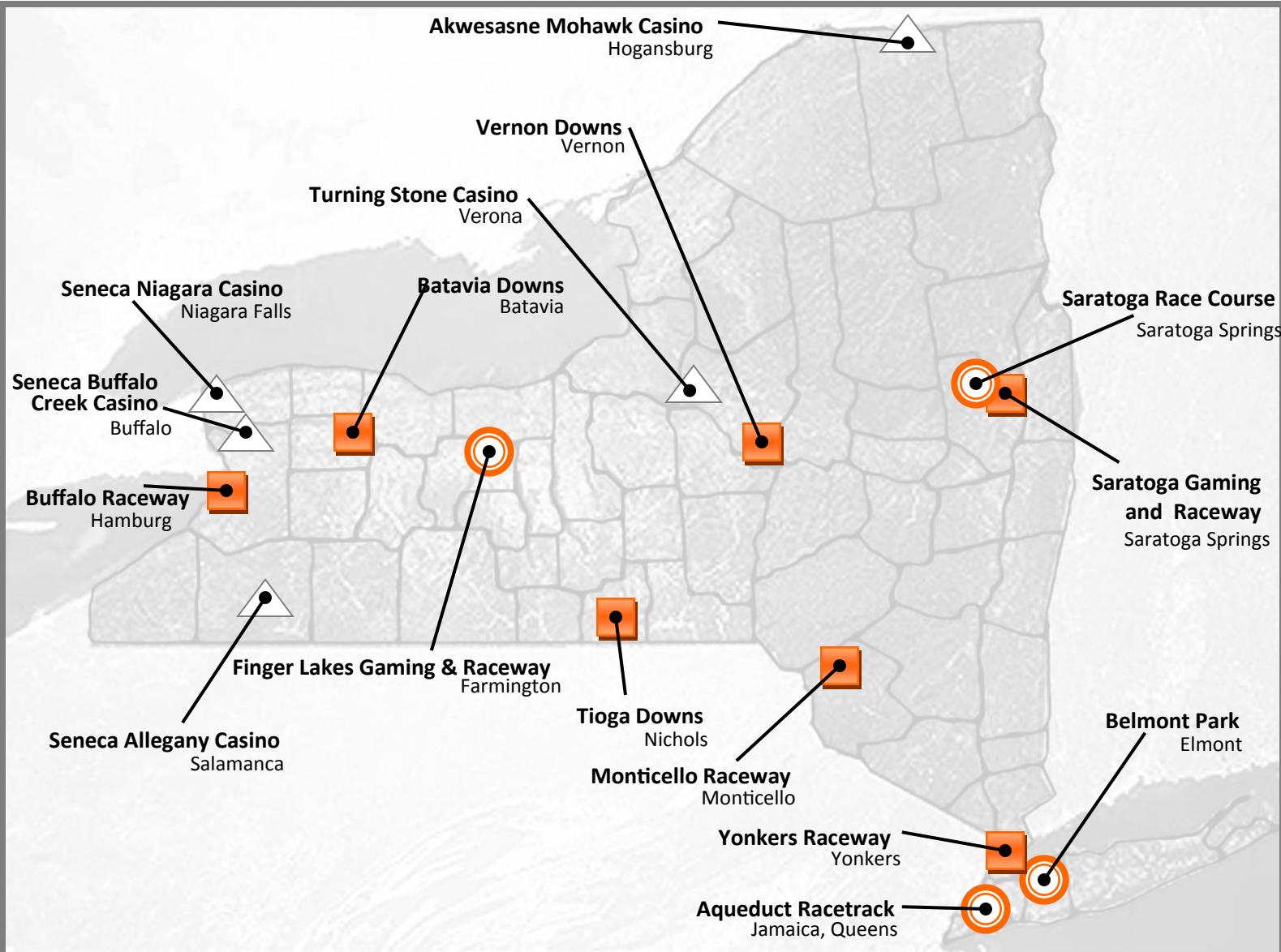


Robert Williams
Acting Executive Director
New York State Gaming Commission

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Gaming Establishments



LEGEND



Thoroughbred Track



Harness Track



Indian Casino

Year in Review

The year 2012 was a transformative year in the state's regulation of pari-mutuel wagering, gaming and games of chance. While 2012 marked the final year full year of the Racing and Wagering Board's formal existence, it brought sweeping changes that greatly improved the games regulated by the agency.

The Racing and Wagering Board was responsive in the wake of an increased number of equine fatalities at the Aqueduct race track in late 2011 and early 2012. The Board immediately enacted rule changes regarding claiming that curtailed the incentive to run possibly unfit or unsound horses. Additionally, the Board undertook a comprehensive examination of each fatality to identify the root causes. Throughout the year, the Board remained vigilant and adjusted policies as necessary to ensure that equine athletes and their jockeys and riders were protected.

Governor Cuomo called for the formation of the New York State Task Force on Racehorse Health and Safety to conduct a formal investigation of the fatalities. The four-member panel, consisting of Hall-of-Fame jockey Jerry Bailey, prominent equine veterinarians Dr. Mary Scollay and Dr. Scott Palmer and attorney Alan Foreman, exhaustively examined each fatality and produced a detailed report with comprehensive recommendations on how to make the sport safer.

The Racing and Wagering Board immediately committed to adopting all the applicable recommendations in full. Since the report was released in September, the Board enacted several new drug rules and policies that make the state's regulation of horse racing among the strictest in the nation. In particular and as called for by the Task Force, the Board's rules imposed stringent restrictions on corticosteroids and other drugs, including clenbuterol. The Board also launched a database for trainers and veterinarians to input the time and location of corticosteroid administrations. The records of these administrations would then be provided to claimants of horses, so that owners, trainers and veterinarians have a clear record of treatment for horses that come into their care.

To increase transparency regarding equine health and safety and integrity, the Board launched two unique and unprecedented databases. The Equine Breakdown, Death, Injury and Incident Database consists of a detailed list of every horse that has broken down, died, sustained a serious injury or been involved in an incident at a track in New York State since 2009. The Racing and Wagering Board's Rulings Database lists every fine and suspension issued by the Board to licensees for nearly three decades.

To provide an additional level of protection for horses, riders and the betting public, and to underscore the symbolism of the world-class racing held in New York State, the Board also implemented strict security protocols for two of the biggest horse races in the world—the Belmont Stakes and the Travers Stakes. Twenty-four-hour monitoring of horses and out-of-competition blood testing for all participating horses were just a few of the measures implemented by the Board to ensure a safe, fair race.

In late 2010, the Racing and Wagering Board brought all industry stakeholders together to discuss how to alleviate the major loss of revenue with the demise of New York City OTB. The resulting agreement to permit live online streaming of races between venues was a strong step toward recouping lost funding. In December 2012, the Board oversaw another renewal of the agreement, ensuring a steady and continuing vehicle for pari-mutuel wagering across the state.

The Racing Fan Advisory Council, created in 2011 to examine the "total racing experience" and report its findings to the Board, issued its first report in December. The myriad recommendations range from calling for tracks to lower their takeout rates on certain wagers to moving toward High-Definition television for broadcasts. The Council is continuing its work in 2013 and will follow up on its 2012 recommendations to promote their adoption by the Gaming Commission as well as track and OTB operators.

Chapter 60 of the Laws of 2012 formally merged the New York State Racing and Wagering Board with the New York Division of the Lottery. The resulting New York State Gaming Commission became effective February 1, 2013 and absorbed all the policies, procedures, rules and programs undertaken by the former Board.

With the new agency, the state's regulation of pari-mutuel wagering, gaming and games of chance continues unabated, with increased efficiencies, resources and transparency.



Racing Integrity

Officiating and Integrity

Each race conducted at a New York Thoroughbred racetrack is observed by three stewards: one employed by the Racing and Wagering Board (now Gaming Commission), one employed by the racing association and one employed by the Jockey Club. At the harness tracks, each race is observed by three judges who all serve as employees of the Board (now Commission). The stewards' and judges' viewing stand is located near the finish line of each racetrack and is equipped with several television monitors to permit the viewing of multiple angles of each race. The stewards and judges observe the races to ensure that all conduct is in accordance with rules and regulations.

There are few racing jurisdictions that have equaled New York's strong stand on integrity in horse racing. Over the past decade, the Board enabled more capable and qualified people to become stewards and presiding judges and now have a cadre of qualified individuals who have passed newly instituted coursework. Examples of the testing and preparation are:

- All Presiding and Associate Judges and Starters must be licensed by the United States Trotting Association (USTA) before being hired. A test must be passed to obtain each license. USTA rules courses are held.
- All full-time Stewards must attend the Louisville Equine Steward Certification Class. They must also attend periodic seminars in order to keep their licenses valid.
- All current Judges are retested periodically on the rules, equipment, medications and procedures and the training tests are updated frequently.
- New officials receive extensive on-the-job training at their new positions before being hired full-time.



Regulatory Activities

During the calendar year 2012, the Board imposed **1,167** sanctions for violations of racing laws, rules and regulations at both harness and thoroughbred tracks. The rulings include, but are not limited to, driving and riding infractions, general conduct violations, human and equine drug violations, general business practice violations and several other rule and law violations. The main office of the Racing and Wagering Board issued 407 violations that are not assigned to a specific track. Fines levied in 2012 totaled \$132,362.

Summary of Rulings by Track (includes fines)

Aqueduct Racetrack (NYRA)	42
Batavia Downs	54
Belmont Park (NYRA)	41
Buffalo Raceway	67
Finger Lakes Gaming & Racetrack	57
Main Office	407
Monticello Raceway & Mighty M Gaming	111
Saratoga Gaming & Raceway	86
Saratoga Race Course (NYRA)	18
Tioga Downs	62
Vernon Downs	100
Yonkers Raceway	122
TOTAL	1167

Racing Licensing

Participants in New York State racing are required to obtain an occupational license. The character and integrity of all participants are important to the continuity of the sport. Every application is reviewed, updated and carefully processed by the Licensing unit before a license is issued. Also, by statute, fingerprinting is required of each applicant. Where it is believed that an applicant's background and associates may warrant a finding that his/her participation in racing would be inconsistent with the public interest or the best interest of racing generally, a thorough investigation is conducted before action is taken in the form of a denial, suspension or revocation of his/her license.

	2011			2012		
	Thoroughbred	Harness	Total	Thoroughbred	Harness	Total
APPRENTICE JOCKEY	35	0	35	41	0	41
ASST. TRAINER	526	0	526	539	0	539
AUTHORIZED AGENT	129	0	129	127	0	127
CLEANING SERVICE	231	0	231	221	304	525
DRIVER	0	295	295	0	843	843
EXERCISE RIDER	1179	0	1179	1167	0	1167
FARRIER	83	64	147	96	58	154
FOOD SERVICE	357	628	985	334	659	993
GAP ATTENDANT	11	0	11	6	0	6
GENERAL SERVICES	2317	1870	4187	2640	2050	4690
GROOM	2302	2363	4665	2736	2712	5448
JOCKEY	252	0	252	287	0	287
JOCKEY AGENT	89	0	89	77	0	77
MATINEE DRIVER	0	6	6	0	1	1
MUTUEL CLERK	1687	1874	3561	1668	359	2027
OWNER ORIGINAL	1415	1160	2575	1505	958	2463
OWNER RENEWAL	5460	5696	11156	5414	5622	11036
PEACE OFFICER	545	182	727	506	199	705
PRIVATE TRAINER	6	23	29	3	18	21
PROVISIONAL DRIVER	0	179	179	0	159	159
QUALIFIED DRIVER	0	97	97	0	72	72
RACING OFFICIAL	84	1	85	77	0	77
SECURITY	78	347	425	112	374	486
STABLE EMPLOYEE	1523	2	1525	1804	2	1806
TOTE EMPLOYEE	180	274	454	346	409	755
TRACK MGT.	65	196	261	75	171	246
TRAINER	641	2314	2955	675	2221	2896
VETERINARIAN	103	62	165	104	65	169
TOTALS	19298	17633	36931	20560	17256	37816

The chart to the right reflects the total number of licenses issued to participate in racing in 2011 and 2012, including multi-year licenses that were active during the year. Individuals that hold licenses for more than one occupation (i.e., owner/trainer or trainer/driver) are counted twice, once in each category.

Equine Drug Testing

The Equine Drug Testing Program (EDTP) for all thoroughbred and harness racing in New York State is performed by Morrisville State College in Morrisville, New York, under contract with New York State. The EDTP at Morrisville State College continues to be one of the leading equine drug-testing programs in the world.

Equine drug testing is mandated by Chapter 47-A of the Consolidated Laws of the State of New York, The Racing, Pari-Mutuel Wagering and Breeding Law in Section 902 (*see next page*).

The Director of the EDTP is Dr. George A. Maylin, who began his career as a veterinarian in 1965. Dr. Maylin has held several distinguished positions throughout his career including Director of Morrisville Research and Reference Center, Director of Equine Drug Testing and Research Program and Division Chief of Toxicology Diagnostic Laboratory at New York State College of Veterinary Medicine, among others. Dr. Maylin is also responsible for the publication of numerous documents, studies and reports in the fields of pharmacology, toxicology, exercise physiology, chemistry and immunochemistry. From the gathering of the original blood and urine samples that are collected in the presence of the owner, trainer or representative, throughout transport and subsequent testing, the chain of custody is strictly maintained by Racing and Wagering personnel. This is necessary as blood and urine samples may be evidence in future litigation. All sample containers are identified and sealed against tampering upon collection. All samples are identified with unique numbers and the EDTP personnel do not know the identity of the horse involved.

When the EDTP detects and confirms the presence of a prohibited substance, the laboratory immediately informs the Director of Racing Operations and its Counsel. Immediately thereafter, the Director of Racing Operations informs the steward or presiding judge at the racetrack where the horse's sample originated, along with other appropriate Board personnel. Investigation into the matter is begun after the horse and its trainer are identified by the steward or presiding judge.

The sample identifying numbers are matched by the steward or presiding judge to his previously locked documentation of collected samples. After identification, investigation into the circumstances including interviews with all involved parties begins. The trainer is afforded the option of having a "split" sample of the original tested at an approved laboratory of his/her choice at his/her expense. After the investigation is completed and all other information is gathered and studied, the

licensee if appropriate, is assessed a penalty from the State steward or presiding judge. Should the licensee not agree with the penalty given, there is an appeals process that affords the licensee a full hearing before an appointed hearing officer. Upon receipt of the hearing officer's completed report, a decision is rendered. A listing of the most commonly used medicines in the equine racing world is contained within the applicable rules. Also contained are the number of hours "out" (before race day) that these listed drugs may be administered. The only allowable medication on race day in New York is furosemide and it is only permitted to be administered to horses properly enrolled in a furosemide medication program as prescribed.



Equine Drug Testing

Section 902

Equine drug testing and expenses

1. In order to assure the public's confidence and continue the high degree of integrity in racing at the pari-mutuel betting tracks, equine drug testing at race meetings shall be conducted by a state college within this state within an approved equine science program. The state racing and wagering board shall promulgate any rules and regulations necessary to implement the provisions of this section, including administrative penalties of loss of purse money, fines, or denial, suspension, or revocation of a license for racing drugged horses.

2. Notwithstanding any inconsistent provision of law, all costs and expenses of the state racing and wagering board for equine drug testing and research shall be paid from an appropriation from the state treasury, on the certification of the chairman of the state racing and wagering board, upon the audit and warrant of the comptroller and pursuant to a plan developed by the state racing and wagering board as approved by the director of the budget.

Post-Race Positives By Track		
	2011	2012
Aqueduct	5	10
Batavia Downs	11	12
Belmont Park	1	6
Buffalo Raceway	6	4
Finger Lakes Racetrack	6	10
Monticello Raceway	9	13
Saratoga Race Course (Thoroughbred)	2	1
Saratoga Raceway (Harness)	5	1
Tioga Downs	1	5
Vernon Downs	1	6
Yonkers Raceway	31	11
RWB Main Office	5	5
Total	83	84

Summary Drug Report for 2012	
Drug	Number of Positives
Acepromazine	1
Caffeine	1
Clenbuterol	9
Epitestosterone	1
Firocoxib	6
Flunixin	34
2-(1-Hydroxyethyl) Promazine	1
2-(1-Hydroxyethyl) Promazine Sulfoxide	1
Hydroxyzine	2
Levamisole	11
Methocarbamol	2
Norchlorcyclizine	2
Pemoline	11
Phenylbutazone	6
Theobromine	1
Theophylline	1

Indian Gaming

Class III Indian Gaming

The Racing and Wagering Board has been closely involved in Class III Indian gaming from its infancy, with its representatives actively participating in the negotiations of the Class III gaming compacts culminated in 1993 between the State of New York and both the Oneida Indian Nation of New York, and the Saint Regis Mohawk Tribe, as members of the Governor's Class III Gaming Negotiating Team. These compacts, which uniquely guarantee the State specific regulatory authority regarding Class III gaming operations, met the State's three goals deemed critical to its agreements with the tribes: *to ensure public order and safety; to protect the integrity of the games authorized by the compacts; and to gain agreement on a sound system of fiscal and auditing controls over casino gaming operations to protect the interests of the wagering public, the tribes and the State of New York.*

The Oneida Indian Nation opened its Turning Stone Casino on July 20, 1993, and the Saint Regis Mohawk Tribe opened the Akwesasne Mohawk Casino on April 12, 1999. On August 18, 2002 the State of New York and the Seneca Nation of Indians reached agreement on a Class III gaming compact. The Seneca Nation opened its Seneca Niagara Casino on December 31, 2002; the Seneca Allegany Casino on May 1, 2004 and lastly, the Seneca Buffalo Creek Casino on July 3, 2007.

Contained in each compact and appendices are standards, rules of operation and specifications for each game authorized to be conducted; internal controls governing the operation of each gaming facility; procedures for certification and/or registration of gaming employees and certain companies transacting business with the casinos; and a system for mediating disputes between the State of New York and the tribes.

Inspectors employed by the Division of Gaming maintained a constant presence within all five Class III gaming facilities in New York, monitoring and confirming that gaming is operated pursuant to the respective Class III gaming compact between the Indian tribes and the State of New York. In general, each compact requires that all gaming employees and each of the representatives of the companies transacting business with a Class III gaming facility be found suitable prior to employment or the transaction of business. The Division of Licensing, utilizing information provided by fingerprint searches conducted by the Federal Bureau of Investigation, the New York State Division of Criminal Justice Services and (when warranted) the Royal Canadian Mounted Police and a background investigation conducted by the New York State Police – Casino Detail, determined the suitability of each individual and entity and subsequently approved or denied the applications submitted.

All of the State's regulatory expenses, for both personnel and equipment, are to be reimbursed by the regulated Indian Nation or Tribe.

Indian Gaming Regulation

The federal Indian Gaming Regulatory Act (“IGRA”) of 1988 provides a framework outlining several different levels of regulatory jurisdiction over gambling conducted on Indian land that is dependent upon the type of gambling operated. The IGRA divides gambling into three categories, and establishes a regulatory system for each. Class I gaming, which is under the exclusive jurisdiction of the Indian tribes, is described as “*social games played solely for prizes of minimal value or traditional forms of Indian gaming engaged in as part of, or in connection with, tribal ceremonies or celebrations.*” Class II gaming is defined as “*the game of chance commonly known as bingo including (if played at the same location) pull-tabs, lotto, punch boards, tip jars, certain card games, instant bingo and other games similar to bingo.*” Class II gaming, pursuant to the IGRA, is subject to both tribal jurisdiction and regulatory oversight by the National Indian Gaming Commission, but states are not permitted to regulate any Class II gaming activity. Class III gaming, which includes “house-banked” casino-style



games such as blackjack, roulette and slot machines, can only be conducted pursuant to the terms of a Class III gaming compact between a tribe and the state in which the tribal lands are located.

Indian Gaming

New York's Class III Gaming Compacts

Class III gaming compacts have been forged between the State and the Oneida Indian Nation of New York; the Saint Regis Mohawk Tribe; and the Seneca Nation of Indians. On April 16, 1993, Governor Mario M. Cuomo signed the Oneida Indian Nation of New York's Compact on behalf of the State of New York. The Compact was subsequently approved by the Department of the Interior on June 4, 1993. The Oneida Nation opened their Turning Stone Casino on June 20, 1993. Governor Mario M. Cuomo signed the Saint Regis Mohawk Tribe's Compact on June 9, 1993, and it was subsequently approved by the Interior Department on December 4, 1993. The Mohawk Tribe opened their Akwesasne Mohawk Casino on April 10, 1999. Governor George E. Pataki signed the Seneca Nation of Indians' Compact on August 18, 2002, and approval was received from Interior on October 25, 2002. The Seneca Nation opened their Seneca Niagara Casino on December 31, 2002; the Seneca Allegany Casino on May 1, 2004; and the Seneca Buffalo Creek Casino on July 3, 2007.

Gaming Operations Inspectors

Gaming inspectors maintain a constant, 24-hour presence within each gaming facility, conducting compliance examinations to ensure that gaming operations such as dealing procedures, internal accounting controls and other safeguards strictly conform to the applicable provisions of the respective Class III gaming compact. Inspectors conduct investigations and interviews, review surveillance videos and prepare detailed narrative reports as part of their normal duties. For example, inspectors witness the relocation of gaming equipment to ensure that no tampering occurred, or that the equipment moved was not replaced without proper notification; respond to radio calls regarding repairs and upgrades conducted to gaming equipment; witness that such repairs conducted were incidental, document which repairs were made, and by whom, in written reports. Gaming inspectors are experienced, professional investigators specially trained to monitor casino gaming activities with the respective Nation or Tribal gaming inspectors, security officers, surveillance departments and law enforcement agencies. Casino patrons regularly seek gaming inspectors to clarify the rules of the games and for recourse after filing complaints with casino managers and/or Nation or Tribal gaming regulators.

2012	Oneida Nation	Mohawk Tribe	Seneca Allegany	Seneca Niagara	Seneca Buffalo
Temporary Certifications Issued	XX	XX	XX	XX	XX
Annual Certifications Issued	XX	XX	XX	XX	XX
Renewal Certifications Issued	XX	XX	XX	XX	XX
Temporary Certifications Denied	XX	XX	XX	XX	XX
Annual Certifications Denied	XX	XX	XX	XX	XX
Certifications Suspended or Revoked	XX	XX	XX	XX	XX

Lifetime	Oneida Nation	Mohawk Tribe	Seneca Allegany	Seneca Niagara	Seneca Buffalo
Temporary Certifications Issued	XX	XX	XX	XX	XX
Annual Certifications Issued	XX	XX	XX	XX	XX
Renewal Certifications Issued	XX	XX	XX	XX	XX
Temporary Certifications Denied	XX	XX	XX	XX	XX
Annual Certifications Denied	XX	XX	XX	XX	XX
Certifications Suspended or Revoked	XX	XX	XX	XX	XX

Breeding & Development

New York State Thoroughbred Breeding and Development Fund

The New York State Thoroughbred Breeding and Development Fund encourages the breeding and maintenance of Thoroughbred horses in New York by distributing financial incentives to breeders and owners whose horses compete successfully in New York-based races.

In 2012, the Fund paid:

- \$9,535,435 in Breeder Awards
- \$2,209,223 in Stallion Awards
- \$1,205,956 in Open-Company Owner Awards

2,805 Mares participated in the New York program in 2012. 2,404 Mares were bred and 1,495 Foals were produced in the calendar year.

Resorts World Casino New York City at Aqueduct contributed \$7,013,071 to the Fund in 2012, which is distributing the revenue to the breeding industry in the form of increased breeder awards. Finger Lakes provided another \$2,009,945 to the Fund in 2012.

The Agricultural and New York State Horse Breeding Development Fund

The Fund's primary mission is to foster agriculture through the promotion of Standardbred horse breeding and the conduct of equine research in New York State. Through the reinstatement of breeder awards, the Fund injected \$1.2 million directly into the New York equine sector of agriculture in 2012.

In 2012, more than 1,400 mares came to New York, providing another significant boost to New York's agriculture sector.

The Fund receives money from the pari-mutuel handle at the licensed tracks, Off-Track Betting Corporations and from video gaming machines at harness tracks. The Fund uses these monies to provide purse support for the New York Sire Stakes in these major areas:

- **Sire Stakes Races at Pari-Mutuel Tracks:** \$12.1 million in purses was paid through these races in 2012.
- **State Fair Racing:** \$300,000 in purses was paid

through these races in 2012.

- **County Fair Racing:** \$480,000 in purses was paid through these races in 2012. The Fund provided \$176,000 to the 22 agricultural fairs that conduct harness racing.
- **Excelsior Series:** \$3.8 million in purses was paid through these races in 2012.

Video Lottery Revenue: The video lottery terminals at New York-based harness tracks contributed more than \$12.5 million to the Fund in 2012, which is distributing the revenue to the breeding industry in the form of awards and purses.



Charitable Gaming

OVERVIEW

The Charitable Gaming unit is responsible for the investigation, audit and monitoring of the sale of hundreds of millions of bell jar tickets sold annually, and the verification of the lawful disbursement of tens of millions of dollars in bingo, bell jar, Las Vegas night, and raffle proceeds by thousands of licensees located throughout the 62 counties of New York. The Charitable Gaming unit issues licenses to bingo and games of chance manufacturers and suppliers; collects the license fees paid by those licensees; determines that commercial bingo hall rental fees are fair and reasonable as a prerequisite to licensure by municipalities; approves thousands of bell jar ticket games; and issues bingo and games of chance identification numbers to applicant organizations as a prerequisite to their licensing by municipalities.

Staff assists members of licensed authorized organizations and manufacturers and distributors of gambling equipment and supplies by guiding them into compliance with State law and applicable rules, and conducted training seminars for municipal clerks and police agencies.

The Charitable Gaming unit's policy focuses on helping qualified organizations comply with the laws authorizing the conduct of profitable gambling fundraisers. The goal is to help bring each licensed organization into compliance, thereby maximizing the proceeds available for worthy causes that are required by law to be cultivated and protected. Staff play a proactive role in the registration and training of authorized organizations conducting bingo, bell jars, raffles and table games at casino nights, carnivals and field days, conducting instructional seminars at its offices, or on the licensees' premises at times and locations convenient to the organizations' volunteer members, providing free assistance and the guidance needed to conduct profitable fundraising events.

LICENSING

Bingo and games of chance licenses can only be issued by the respective local municipality where a charitable organization is located. Prior to issuing a license, the municipality must adopt a local law or ordinance authorizing licensed games of chance or bingo within the geographic boundaries of the municipality. The Charitable Gaming unit issues bingo and games of chance identification numbers free of charge to eligible applicant organizations as a prerequisite to their licensing by municipalities; issues bingo and games of chance manufacturers and suppliers licenses and collects the license fees paid by those licensees; approves thousands of bell jar ticket games each year and determines that the rental fees charged by commercial bingo halls are fair and reasonable as a condition of licensure by municipalities.

Registration and Identification

Authorized organizations domiciled within municipalities that have enacted local laws permitting bingo and/or games of chance may register and apply for a bingo and/or games of chance identification number as a prerequisite for licensing by their municipal clerk's office. The issuance of an identification number signifies that an organization has met the statutory definition of an authorized organization and is eligible for licensure.

Registration & Identification		
	2012	To Date
Game of Chance ID Numbers	175	9,664
Bingo ID Numbers	39	9,058



Charitable Gaming

Licenses Issued by Municipal Clerks

Charitable gaming licenses are issued to organizations by the clerk at the local level. Depending on the local law in that municipality, the licenses are issued by the town, city or village clerk.

License Fees:

- Bingo:** \$18.75 per occasion.
- Las Vegas Night:** \$25 per occasion.
- Bell Jar:** \$25.00 per calendar year
- Raffles:** \$25.00 for raffles that profit over \$30,000

Municipal clerks retain 40% of the license fees they collect and remit the remaining 60% to the Office of the State Comptroller. Organizations are required to remit an additional license fee when submitting the required financial reporting forms.

Games of Chance and Bingo Supplier Licenses

Statutes require the manufacturers and distributors of all bingo and games of chance supplies and equipment to be licensed.

All bell jar tickets must be approved prior to sale and shipment into New York. In 2012, the Board approved **7,426** different bell jar tickets. Through 2012, the Board has approved **117,683** of the bell jar tickets that have been submitted for approval.

Manufacturers and Suppliers	
Games of Chance Licenses	32
Bingo Licenses	25
Games of Chance Total Sales 2012	\$4,637,849
Bingo Total Sales 2012	\$2,139,599
Total Fees Collected 2012	\$103,857

Bingo Commercial Lessors

The Charitable Gaming Unit, pursuant to the Bingo Licensing Law, determines that the rental fees charged to licensed authorized organizations leasing commercial bingo halls to conduct their bingo occasions are fair and reasonable, as a prerequisite to the licensing of the commercial lessors by municipalities.

Staff, upon receipt of a copy of an application for an authorized commercial lessor's license, reviews the bingo rental statement and all supporting documentation and, in determining whether the proposed rental fees are fair and reasonable, considers each lessor's actual and/or estimated operating expenses such as: compensation of hall managers, which is computed on a per occasion basis; maintenance expenses; building repairs; taxes; depreciation of buildings; accounting fees; insurance costs; legal fees; license fees; amortization; rental fees between the applicant lessor and the owner of the building; and other forms of income derived by the lessor unrelated to the leasing of the hall for bingo. Staff, after determining a maximum rental for the premises for each bingo occasion, advises both the applicant and the licensing authority of the determination. The applicant is afforded a reasonable time within which to protest the maximum rental by specifying the objections and the grounds for such objections in writing. In the absence of such a protest, the proposed maximum rental schedule is deemed to be the final determination.

In 2012, the Board issued rent determinations for 17 commercial bingo halls in 7 municipalities, in which thousands of bingo occasions were conducted.



Charitable Gaming

WAGERING BY THE NUMBERS

Year	Amount Wagered	Net Profit to Organizations
2012	\$219,267,089.92	\$33,624,142.00
2011	\$267,994,314	\$49,594,296

Bell Jar

Bell jars are games where a participant shall draw a card from a jar, vending machine, or other suitable device that contains numbers, colors or symbols that are covered and that, when uncovered, may reveal that a prize shall be awarded on the basis of a designated winning number, color or symbol or combination of numbers, colors or symbols.

Bell jar licenses are issued on an annual basis by the municipality within which an authorized organization is domiciled. Bell Jar tickets can be sold 24 hours a day, seven days a week, excluding Christmas Day and Easter Sunday. Bell Jar tickets can only be sold on the premises of the licensed authorized organization as well as during the organization's licensed bingo occasion and games of chance licensed period.

Bell jar ticket sales are the single most profitable charitable gaming tool for licensed authorized organizations throughout New York.

Raffles

Raffles, depending on the threshold of the net proceeds derived therein, must be licensed on an annual basis by the municipality in which an authorized organization is domiciled; or licensed via a series of verified statements; or operated without a license pursuant to the provisions of Section 190-a of the General Municipal Law. Because the preponderance of authorized organizations conducting raffles are not required by law to obtain a license or file financial statements regarding such operations, the total number of raffles held each year in New York or the profits generated by that immensely popular and lucrative form of charitable gambling cannot be determined.

Las Vegas Nights

Las Vegas nights are casino-type games of chance including games like roulette, craps, blackjack, merchandise wheels, and other card, dice and wheel games conducted at outdoor carnivals, and other charitable fundraising events across the State that can be held on not more than twelve days per year, per licensee. More than six hundred authorized organizations still rely on the profits raised from casino-type games each year to help fund their religious, educational, fire fighting services and other benevolent causes.

Bingo

The popularity and profitability of bingo, the forerunner of all charitable gambling in New York, has fluctuated throughout the five decades following its legalization, but it remains a vital fund-raising tool for thousands of authorized organizations.

CHARITABLE GAMING ENFORCEMENT

Statute requires the enforcement of laws governing the conduct of bingo and games of chance operations including, most notably, following the legalization of bell jar tickets in 1988, monitoring related to the manufacture, distribution and sale of bell jar tickets to licensed authorized organizations throughout the State. One of the top priorities in that regard is to curtail both the interstate and intrastate trafficking of unregistered bell jar tickets in New York, and the illegal activities related thereto that siphon revenue away from the intended charitable purposes.

In 1996 the Governor and the Legislature, acknowledging and addressing the wide-scale theft and abuse of the bell jar ticket program, statutorily authorized the direct funding of a bell jar enforcement unit by mandating that five percent of the net proceeds from the sale of all bell jar tickets be remitted to the Board and be expended exclusively to fund its compliance and enforcement programs. As a result, the Charitable Gaming Enforcement unit was created, restoring the ability to render assistance, advice and training to municipal clerks, law enforcement agencies and the 18,508 organizations registered to conduct charitable gaming.

Charitable Gaming

The unit continuously strives to help qualified organizations comply with the laws authorizing the conduct of profitable gambling fundraisers. Its goal is to help bring each licensed organization into compliance, thereby maximizing the proceeds available for worthy causes that must be cultivated and protected. Staff play a proactive role in the registration and training of authorized organizations conducting bingo, bell jars, raffles and casino-type games at Las Vegas nights, carnivals and field days by conducting instructional seminars at its offices, or on the licensees' premises at times and locations convenient to the organizations' volunteer members, providing free assistance and the guidance needed to conduct profitable fundraising events.

Investigations

The Charitable Gaming Enforcement unit investigates, audits and monitors the sale of hundreds of millions of bell jar tickets sold annually, and verifies the lawful disbursement of tens of millions of dollars in bingo, bell jar, Las Vegas nights, and raffle proceeds by the thousands of licensees located throughout the 62 counties of New York.

The Charitable Gaming Unit conducts statewide investigations, when warranted, in concert with the New York State Police, the Attorney General's Office and the State Liquor Authority, as well as federal, state and local law enforcement agencies located throughout New York and other states, targeting the trafficking and sale of unregistered bell jar tickets; embezzlement of charitable funds; corruption at commercial bingo halls; and activities involving illegal bookmaking during licensed bingo occasions commonly referred to as "line-gambling."

In 2012, Investigators received 153 charitable gaming complaints and conducted 260 inspections. Additionally, Investigators conducted more than 126 investigations and attended 108 meetings where case findings were presented to municipal, county and State law enforcement agencies and district attorneys for criminal prosecution. With the referral of these cases to law enforcement, Investigators provided investigative and interviewing assistance, and were also asked to testify as expert witnesses at grand jury proceedings.

Compliance Conferences

A compliance conference is a meeting conducted informally, without the expense normally associated with conducting a formal hearing, held by staff for representatives of a licensed authorized organization determined during an investigation or audit to be in violation of applicable rules. In 2012, 16 compliance conferences were conducted throughout the state by the Director of Charitable Gaming Compliance.

Public Outreach and Training

Public Outreach has, over the course of three decades, proven to be a vital element in our quest to promote and attain compliance with the laws, rules and regulations. The Director Of Charitable Gaming Compliance, along with our investigators and/or auditors, conducted 122 training seminars for authorized organizations; municipal clerks; prosecutors and law enforcement agencies throughout the State. Charitable Gaming Enforcement personnel are regularly invited to attend statewide conferences hosted by municipal representatives and the dedicated volunteer members of the licensed authorized organizations. These presentations are very well received by the attendees, and are greatly appreciated by the statewide leaders of the licensed organizations whose livelihood depends on the funds raised through charitable gambling.

The proven success of the investigative, enforcement and compliance programs center on the ability to train municipal clerks and law enforcement agencies, and to assist the volunteer members of the licensed authorized organizations to operate gambling activities profitably and in compliance with the law. Additionally, the inspection of games of chance and bingo occasions to ensure compliance; the rapid response to complaints and the conduct of on-site compliance and outreach meetings are key to maximizing the proceeds available to authorized organizations.

Charitable gaming, from its humble beginning at weekly bingo occasions held in church basements in the late 1950's, has greatly expanded to gaming operations with a handle exceeding two hundred million dollars annually, that can be operated twenty-four hours per day nearly every day of the year and which generate more than fifty million dollars annually for charitable causes.

Charitable Gaming

2012 Bell Jar Net Proceeds — By County				2011 Bell Jar Net Proceeds — By County			
Albany	\$978,420.78	Niagara	\$712,539.54	Albany	\$1,030,992.51	Niagara	\$753,683.13
Allegany	\$885,855.51	Oneida	\$1,727,073.58	Allegany	\$919,717.56	Oneida	\$2,242,126.18
Bronx	\$11,543.00	Onondaga	\$1,139,602.71	Bronx	\$7,832.50	Onondaga	\$1,085,540.19
Broome	\$572,392.68	Ontario	\$626,900.23	Broome	\$738,264.52	Ontario	\$688,841.18
Cattaraugus	\$1,333,304.06	Orange	\$310,363.68	Cattaraugus	\$1,282,354.47	Orange	\$346,931.54
Cayuga	\$580,336.61	Orleans	\$510,486.45	Cayuga	\$644,008.37	Orleans	\$592,932.75
Chautauqua	\$3,146,752.37	Oswego	\$543,334.03	Chautauqua	\$2,915,637.73	Oswego	\$564,178.22
Chemung	\$414,056.31	Otsego	\$230,510.22	Chemung	\$434,718.27	Otsego	\$204,029.45
Chenango	\$96,000.11	Putnam	\$109,963.76	Chenango	\$114,396.65	Putnam	\$119,012.81
Clinton	\$492,747.08	Queens	\$42,752.79	Clinton	\$545,786.22	Queens	\$30,710.50
Columbia	\$38,024.35	Rensselaer	\$986,317.85	Columbia	\$55,312.66	Rensselaer	\$1,009,185.23
Cortland	\$325,544.73	Richmond	\$44,631.55	Cortland	\$375,255.42	Richmond	\$70,417.60
Delaware	\$161,678.97	Rockland	\$216,809.56	Delaware	\$173,354.20	Rockland	\$230,276.74
Dutchess	\$249,310.07	Saratoga	\$636,785.75	Dutchess	\$396,970.15	Saratoga	\$670,751.20
Erie	\$2,035,760.38	Schenectady	\$581,782.29	Erie	\$2,174,729.45	Schenectady	\$519,040.15
Essex	-\$298,627.25	Schoharie	\$81,658.79	Essex	\$137,056.22	Schoharie	\$102,912.12
Franklin	\$438,455.38	Schuyler	\$354,920.93	Franklin	\$492,470.34	Schuyler	\$319,883.73
Fulton	\$347,623.91	Seneca	\$552,806.28	Fulton	\$387,423.24	Seneca	\$565,349.51
Genesee	\$149,992.67	St. Lawrence	\$1,369,069.39	Genesee	\$147,751.60	St. Lawrence	\$1,421,774.33
Greene	\$60,009.70	Steuben	\$1,688,481.29	Greene	\$59,038.44	Steuben	\$1,884,618.82
Hamilton	\$0.00	Suffolk	\$645,034.19	Hamilton	\$0.00	Suffolk	\$852,523.19
Herkimer	\$689,021.73	Sullivan	\$14,943.16	Herkimer	\$710,862.96	Sullivan	\$10,465.99
Jefferson	\$1,425,966.71	Tioga	\$183,818.58	Jefferson	\$1,487,855.39	Tioga	\$163,836.06
Kings	\$6,992.25	Tompkins	\$342,078.23	Kings	\$6,765.25	Tompkins	\$313,772.54
Lewis	\$454,631.68	Ulster	\$201,273.32	Lewis	\$451,057.55	Ulster	\$245,789.43
Livingston	\$311,746.00	Warren	\$230,225.87	Livingston	\$341,667.06	Warren	\$226,238.45
Madison	\$188,138.38	Washington	\$235,367.12	Madison	\$165,708.80	Washington	\$242,560.38
Monroe	\$2,058,081.96	Wayne	\$653,914.58	Monroe	\$2,191,348.03	Wayne	\$697,532.14
Montgomery	\$219,344.33	Westchester	\$379,660.78	Montgomery	\$287,046.97	Westchester	\$391,667.06
Nassau	\$126,292.52	Wyoming	\$296,837.77	Nassau	\$138,179.27	Wyoming	\$339,599.27
New York	\$1,500.14	Yates	\$511,328.11	New York	\$3,105.00	Yates	\$444,926.60

2012 Board Rules

The Board adopted the following rules in 2012:

Trifecta Wager Rule: The Board amended the trifecta wager rule in Thoroughbred racing to allow wagering where there are five betting entries in the racing field. 4011.22(i)

Drug Rules: The Board increased the restricted time period for using phenylbutazone (“bute”) from 24 hours [4043.2(d) and 4120.2(d) repealed in part] to 48 hours as provided in 4043.2e(14) and 4120.2e(14) and, in Thoroughbred racing, increased such time periods for clenbuterol from 96 hours [4043.2(g)(5) and 4120.2(g)(5) repealed] to 14 days [4043.2(i)(3) and 4120.2(i)(3)], for corticosteroid joint injections from five days [4043.2(g) and 4120.2(g) repealed in part] to seven days [4043.2(i)(2) and 4120.2(i)(2)], and for other corticosteroid treatments from 48 hours (4043.2(e)(9) and 4120.2(e)(9) repealed in part] to five days [4043.2(i)(1) and 4120.2(i)(1)] before a horse’s next race.



Main Office of the NYS Gaming Commission
Schenectady, NY

Out-of-Competition Testing Rule: The Board amended the out-of-competition testing rules for Thoroughbred horse racing to clarify and expand the protections for trainers and the effectiveness of the testing program for EPO and other doping agents. 4012.5; 4043.13

Cell Phones/Paddock Rule: The Board permitted for one year the use of cellular telephones in designated areas in the harness race track paddock. 4104.14

Claim Rules: The Board adopted emergency rules to enhance Thoroughbred horse safety by reducing the incentives to race unfit horses. This includes limiting the purse sizes in claiming races [amended 4038.2], voiding claims when a horse dies in a claiming race [new 4038.5(a)(ii)], and permitting a claimant to void a claim if the horse is vanned from the track (new 4038.5 (a)(iii)].

Maximum Fines: The Board increased the maximum fines permitted by rule from \$5,000 to \$25,000. Amended 4022.13, 4102(a)(3)

Harness Judge Costs: The Board shifted the cost for associate and starting harness judges from the State to the race track operator. New 4101.41

2012 Legislation

2012 Legislation Affecting the Racing and Wagering Board

Chapter 58: Amended the racing, pari-mutuel wagering and breeding law in relation to employment of officials at harness race meetings and reimbursement by licensed racing corporations to the state racing and wagering board for the per diem cost of such employees

Chapter 59: Budget Bill extended provisions on account wagering, in-home simulcasting, pari-mutuel tax rates, simulcasting on horse races from outside New York State, binding arbitration, and purses for Yonkers Raceway.

Chapter 60: Established the New York State Gaming Commission by merging the New York State Racing and Wagering Board with the Division of the Lottery.

Chapter 71: Extended the provisions of Chapter 521 of 2005, which created the Oneida Indian Nation real property tax depository fund consisting of real property tax payments on Oneida Indian Nation taxable property.

Chapter 437: Extended the current authorization for the distribution of surcharge revenues that would have otherwise expired on August 31, 2012. The law allows the allocation of specific surcharge revenues to the same racetrack to continue for another five year period.

Chapter 134: Allowed the New York Thoroughbred Horsemen's Association to use purse funds for the support of additional medical and mental health services for backstretch employees. The law extended, for one year, the authorization for the horsemen's organization to receive an additional 1.0% of purse monies collected from race meetings at Aqueduct, Saratoga, and Belmont race-tracks until August 31, 2013.

Chapter 288: Amended the Racing Law definition of a "New York stallion" to reduce the minimum term of lease requirement for a leased stallion from two years to one year

Chapter 423: Provided continued revenue to the New York State Thoroughbred Breeding & Development Fund.

Chapter 455: Permitted authorized non-profit organizations to increase their revenues by increasing the total aggregate value of prizes awarded by raffle that such authorized organizations may award to \$2 million.

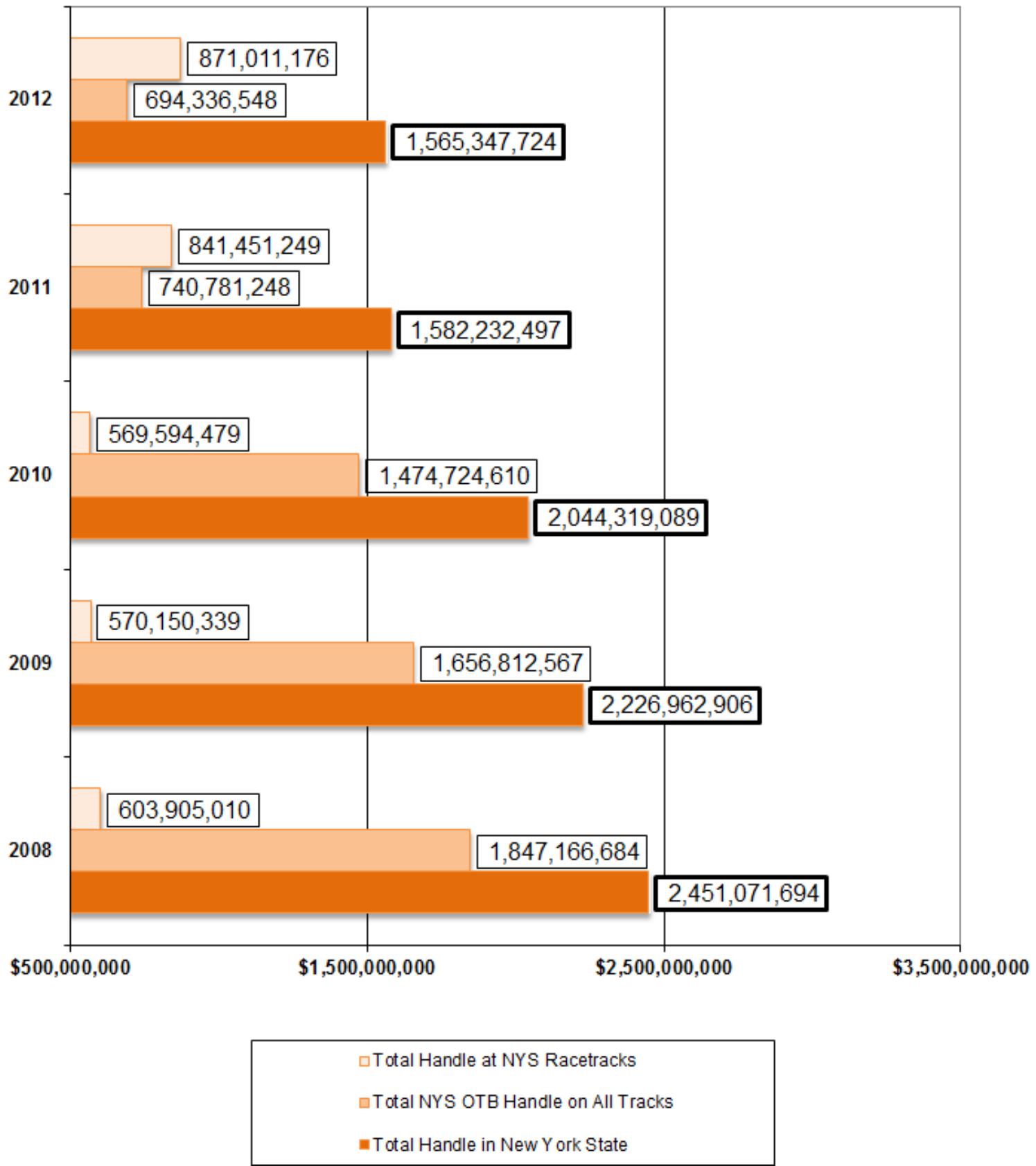
Chapter 457: The New York State Racing Franchise Accountability and Transparency Act of 2012 created the New York Racing Association Reorganization Board.

NOTE: No statutes or provisions expired or reverted in calendar year 2012.

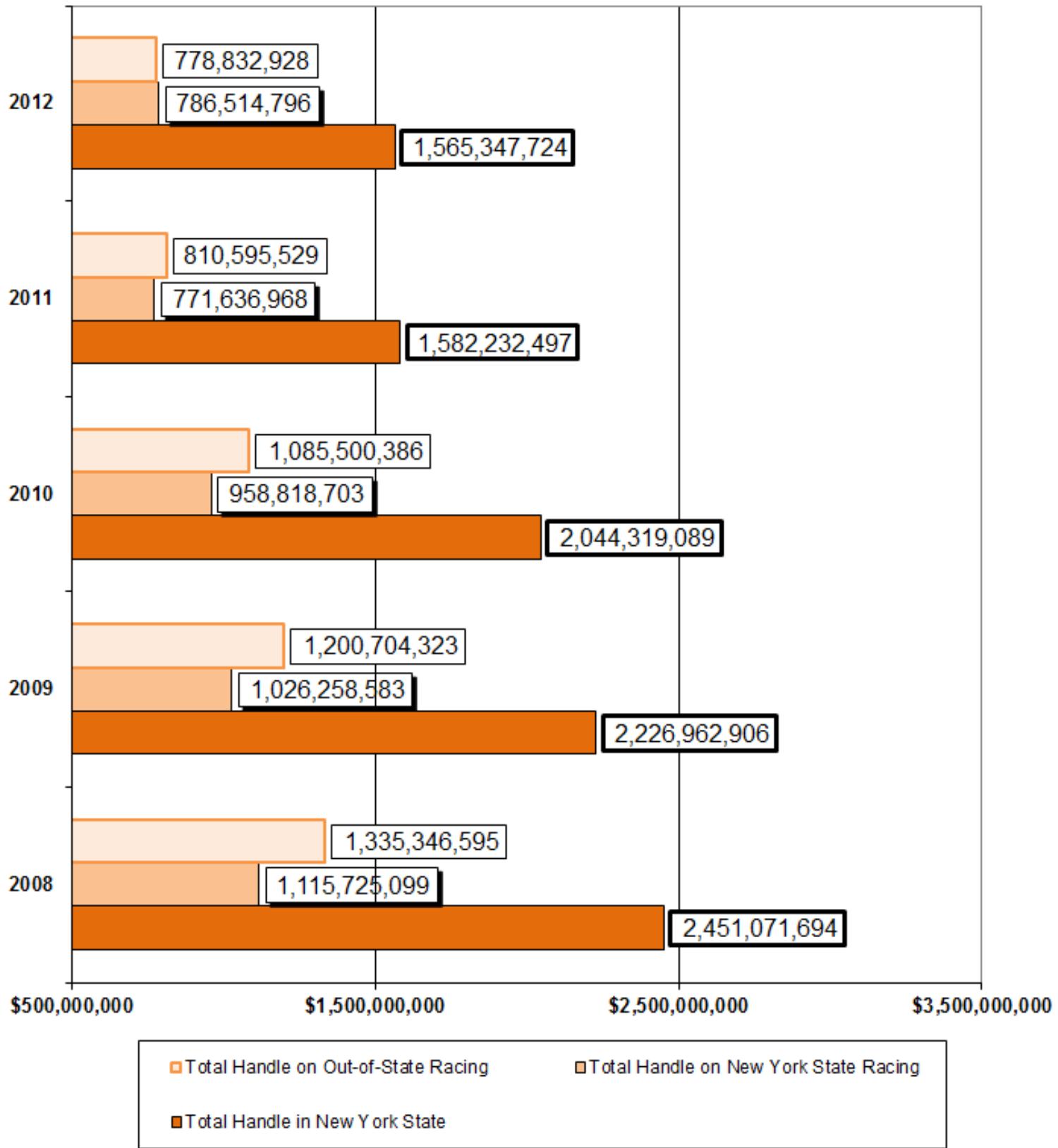


New York State Capitol
Albany, NY

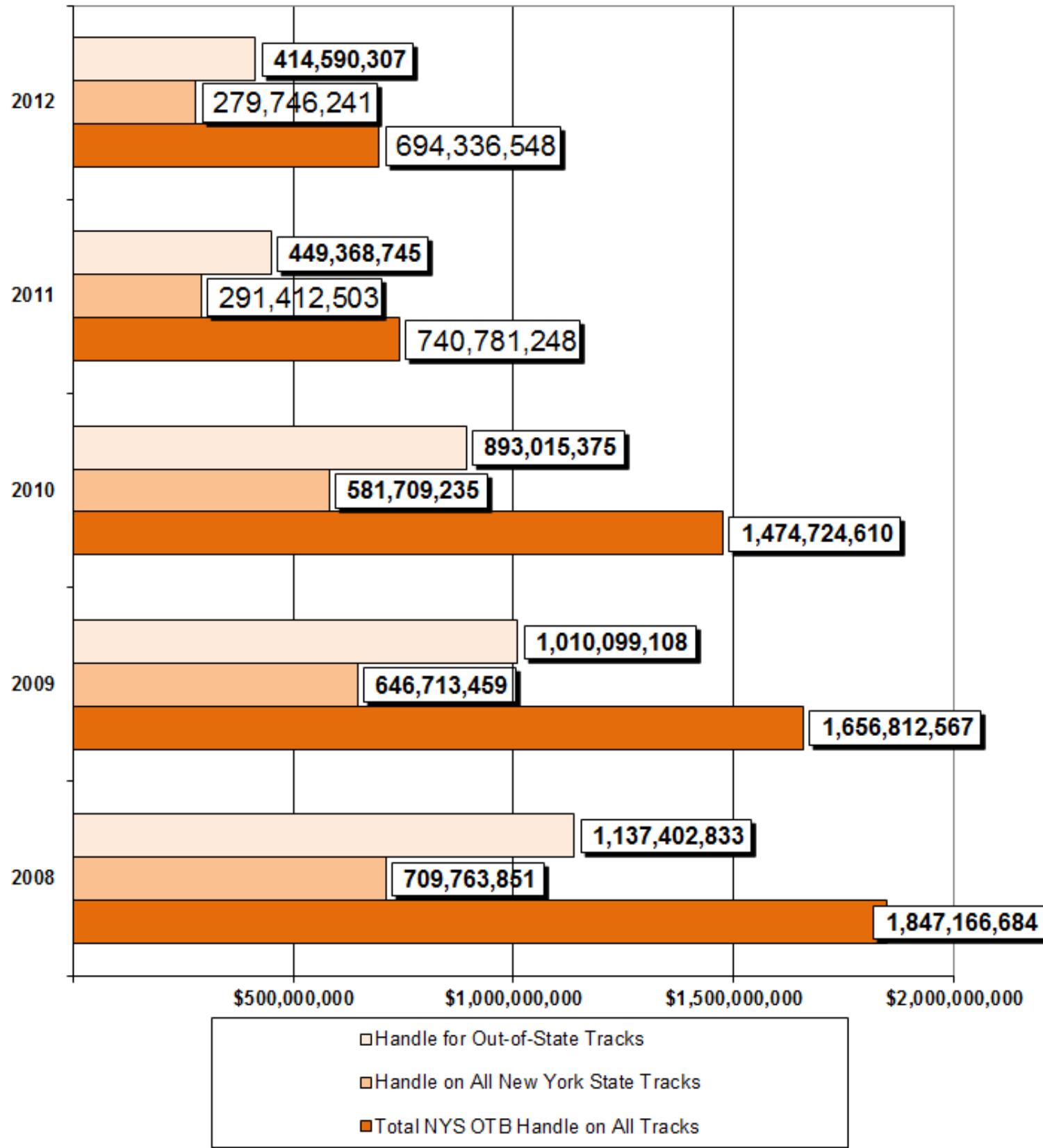
Total Pari-Mutuel Handle Racetracks & OTBs



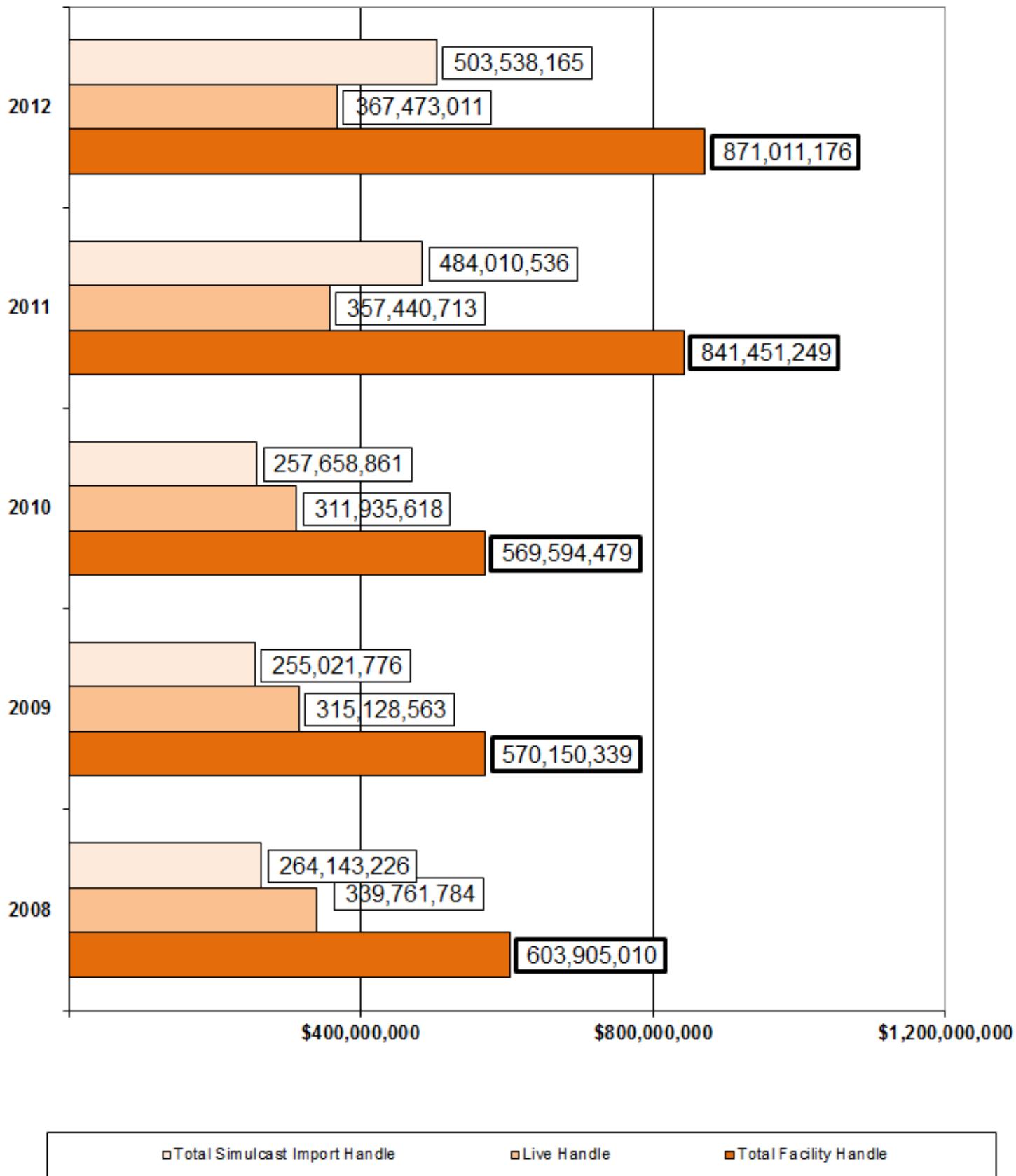
Total Pari-Mutuel Handle New York State vs. Out-of-State Tracks



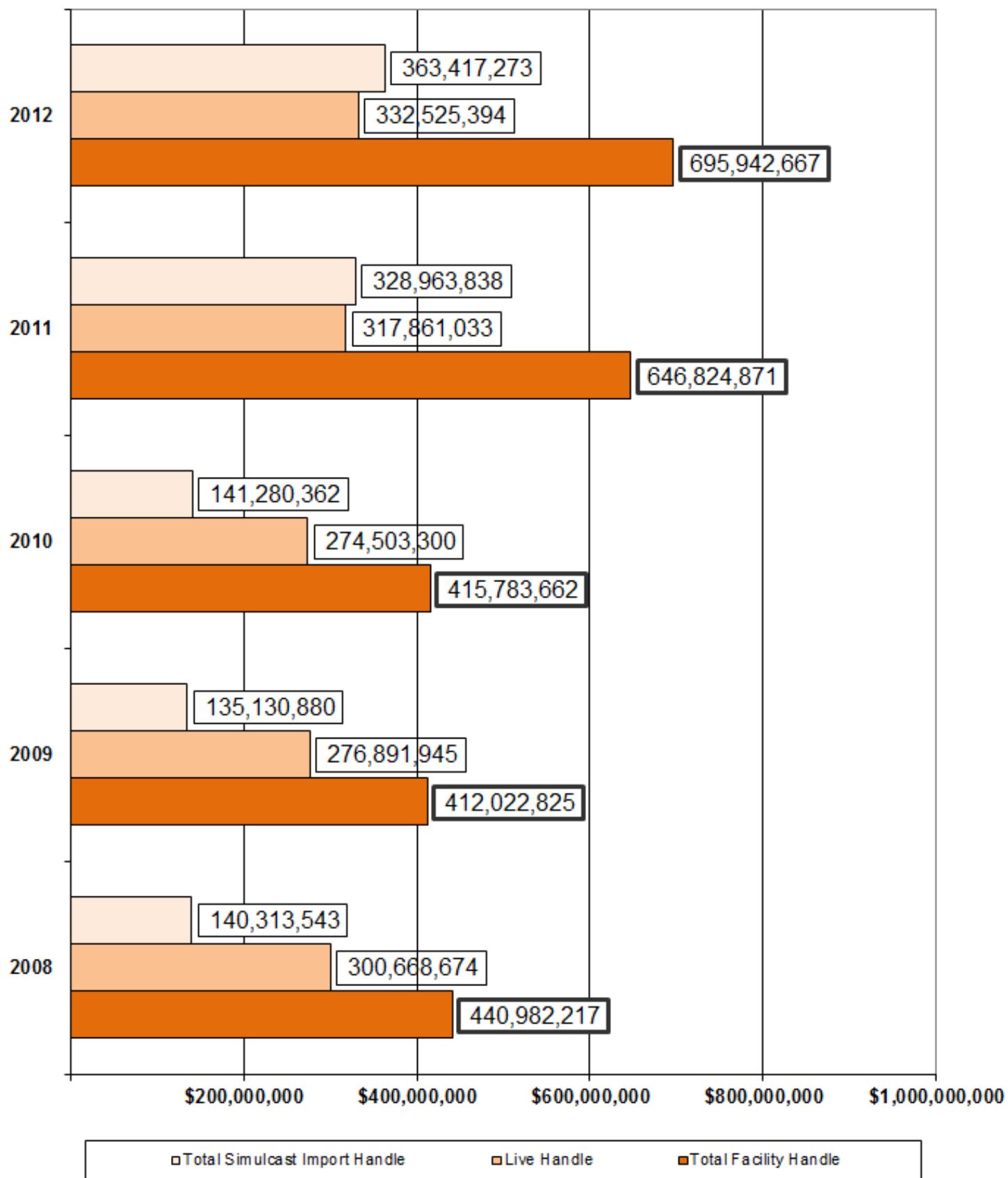
Total OTB Handle In New York State



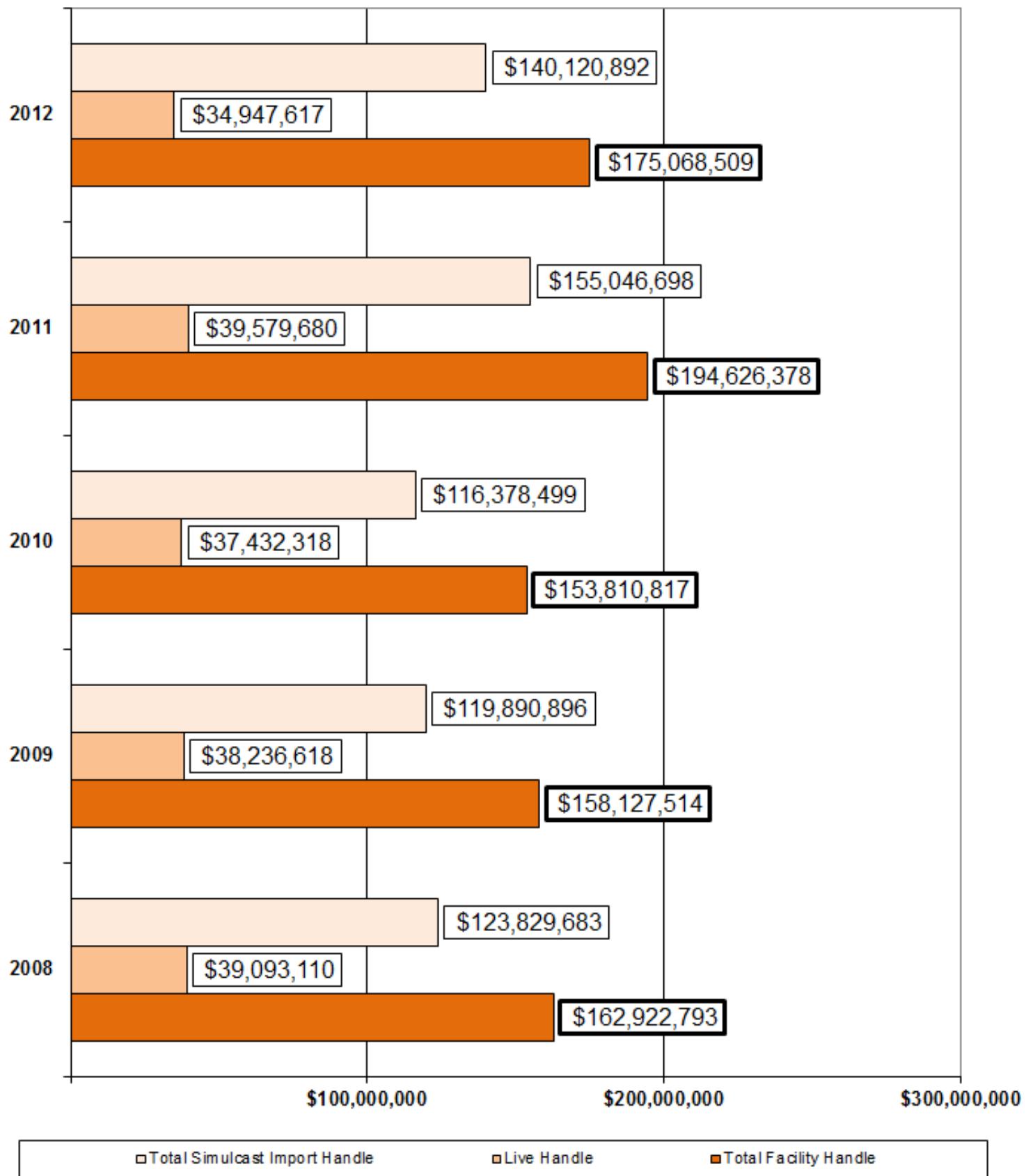
Total Pari-Mutuel Handle All New York State Tracks



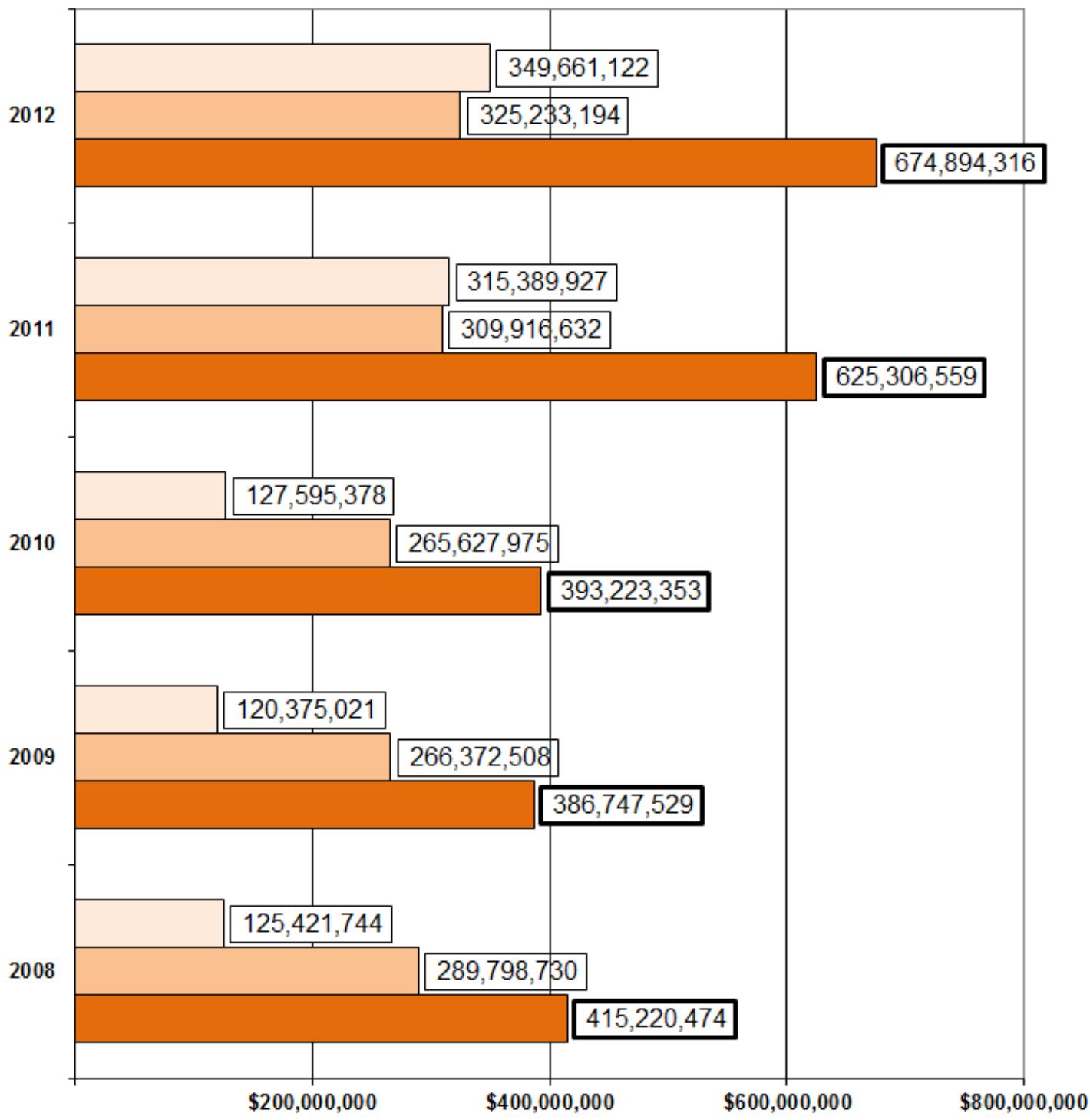
New York State Thoroughbred Tracks Handle



New York State Harness Tracks Handle

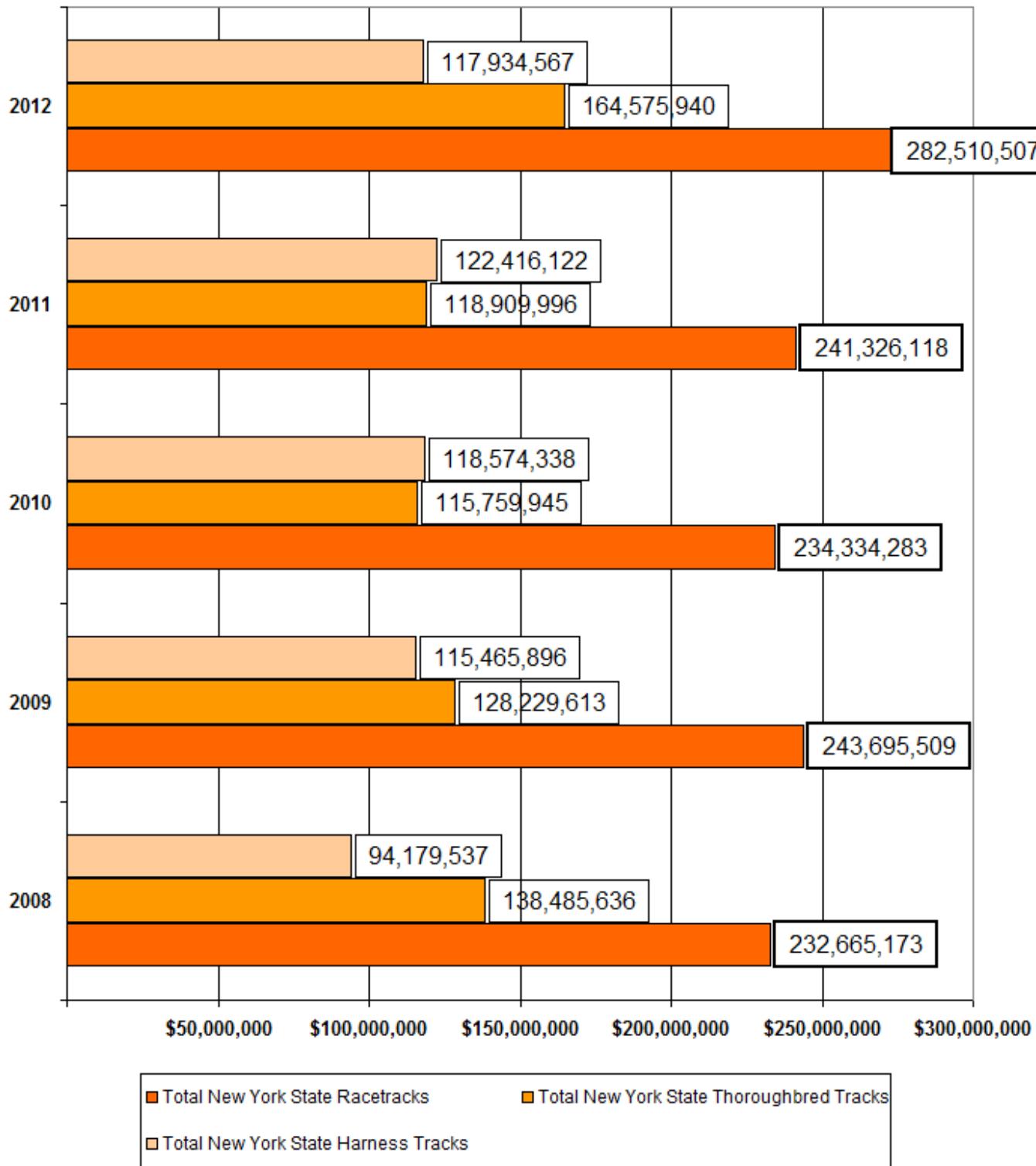


NYRA Handle Aqueduct, Belmont & Saratoga



□ Total Simulcast Import Handle □ Live Handle ■ Total Facility Handle

Gross Purses Paid at New York State Racetracks



Gross Purses Paid New York State & Nationwide

2012 Nationwide Thoroughbred Purses							
State	Gross Purses	Races	Average Purse	Starters	Starts	Average Field	Average Starts
California	170,530,543	4,064	41,961	6,455	30,303	7.5	4.7
New York	169,014,751	3,781	44,701	6,462	29,100	7.7	4.5
Pennsylvania	127,997,497	4,459	28,705	8,359	35,294	7.9	4.2
Florida	90,984,951	3,383	26,895	7,356	27,651	8.2	3.8
Louisiana	81,537,722	3,355	24,303	7,036	29,820	8.9	4.2
Kentucky	63,343,764	2,056	30,809	6,399	17,513	8.5	2.7
Illinois	64,234,699	2,213	29,026	3,699	18,163	8.2	4.9
West Virginia	63,441,651	4,063	15,614	7,522	32,853	8.1	4.4
Maryland	40,229,500	1,449	27,764	3,827	11,393	7.9	3.0
New Mexico	31,542,443	1,736	18,170	2,738	13,760	7.9	5.0
Indiana	26,565,825	1,045	25,422	2,553	8,788	8.4	3.4
New Jersey	26,055,986	757	34,420	2,368	6,072	7.9	2.6
Oklahoma	23,352,456	1094	21,346	2,688	10,006	9.1	3.7
Delaware	18,974,741	739	25,676	2,101	5,090	6.9	2.4
Arkansas	18,036,300	525	34,355	1,784	4,671	8.9	2.6
<i>Data provided courtesy of the Jockey Club. Purses include monies not won and returned to state breeders and other funds. Not all states are presented.</i>							

2012 Nationwide Harness Purses			
State	Purses	Races	Ave. Purse
New York	117,192,042	11,369	10,308
Pennsylvania	105,028,537	7,271	14,445
Delaware	30,664,280	2,869	10,688
New Jersey	29,440,755	1,914	15,382
Indiana	26,684,974	2,085	12,799
Illinoiis	23,371,806	3,093	7,556
Ohio	15,629,591	4,594	3,402
Kentucky	9,419,622	490	19,224
Florida	7,774,669	1,451	5,358
Maine	6,974,048	1,724	4,045
Michigan	5,996,796	1,616	3,711
Maryland	3,928,698	1,068	3,679
California	3,035,319	997	3,044
Minnesota	2,544,774	481	5,291
Massachusetts	2,400,548	774	3,101
Virginia	1,231,008	243	5,066
<i>Data courtesy of USTA. Does not include county fair style racing.</i>			

Thoroughbred & Harness Tracks

Aqueduct Racetrack					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	114	497,833	\$88,706,189	\$203,393,100	\$298,099,289
2011	110	472,311	\$84,044,596	\$175,558,634	\$259,603,230
Belmont Park					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	91	446,737	\$108,232,785	\$121,288,791	\$229,521,576
2011	91	465,782	\$104,770,371	\$121,619,149	\$226,389,520
Saratoga Race Course					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	40	901,033	\$128,294,220	\$18,979,231	\$147,273,451
2011	39	871,772	\$121,101,665	\$18,212,144	\$139,313,809
Finger Lakes Racetrack					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	161	150,842	\$7,292,200	\$13,756,151	\$21,048,351
2011	160	128,435	\$7,944,401	\$13,573,911	\$21,518,312
Batavia Downs					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	72	186,775	\$2,065,111	\$5,074,803	\$7,139,914
2011	72	180,995	\$2,181,507	\$4,595,319	\$6,776,826
Buffalo Raceway					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	99	*	\$2,239,320	\$8,274,689	\$10,514,009
2011	91	*	\$2,364,041	\$7,464,718	\$9,828,759
Monticello Raceway					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	206	2,509	\$3,721,184	\$5,193,463	\$8,914,647
2011	206	*	\$4,245,925	\$4,983,202	\$9,229,127
Saratoga Raceway					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	170	*	\$5,864,678	\$34,142,418	\$40,007,096
2011	171	*	\$6,218,305	\$31,563,545	\$37,781,850

* Free Admission/No Attendance Figures

Harness Tracks & OTBs

Tioga Downs					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	61	81,943	\$1,604,682	\$3,637,340	\$5,242,022
2011	58	77,583	\$1,565,982	\$3,603,060	\$5,169,042
Vernon Downs					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	90	95,084	\$3,774,608	\$8,310,957	\$12,085,565
2011	90	94,014	\$3,807,159	\$8,208,138	\$12,015,297
Yonkers Raceway					
Year	Race Dates	Attendance	Live Handle	Simulcast Import Handle	Total Facility Handle
2012	233	54,612	\$15,678,034	\$75,487,222	\$91,165,256
2011	240	37,494	\$19,196,761	\$94,628,716	\$113,825,477
Capital OTB					
Year	In-State Handle		Out-of-State Handle		Total Handle
2012	\$70,034,875		\$89,528,810		\$159,563,685
2011	\$69,000,352		\$87,960,280		\$156,960,632
Catskill OTB					
Year	In-State Handle		Out-of-State Handle		Total Handle
2012	\$33,146,215		\$59,776,220		\$92,922,435
2011	\$36,773,142		\$61,248,059		\$98,021,201
Nassau Downs OTB					
Year	In-State Handle		Out-of-State Handle		Total Handle
2012	\$87,867,796		\$141,830,513		\$229,698,309
2011	\$92,285,086		\$164,789,328		\$257,074,414
Suffolk OTB					
Year	In-State Handle		Out-of-State Handle		Total Handle
2012	\$49,309,650		\$64,001,618		\$113,311,268
2011	\$52,338,767		\$70,355,177		\$122,693,944
Western OTB					
Year	In-State Handle		Out-of-State Handle		Total Handle
2012	\$39,387,705		\$59,453,146		\$98,840,851
2011	\$41,015,156		\$65,015,901		\$106,031,057

2012 Total Betting on New York State Racetracks

	<u>NYRA</u>	<u>Finger Lakes</u>	<u>Batavia</u>	<u>Buffalo</u>	<u>Monticello</u>	<u>Saratoga Harness</u>	<u>Tioga</u>	<u>Vernon</u>	<u>Yonkers</u>	<u>TOTAL</u>
ON-TRACK LIVE	325,233,194	7,292,200	2,065,111	2,239,320	3,721,184	5,864,678	1,604,682	3,774,608	15,678,034	367,473,011
SIMULCAST EXPORTS:										
Exported to NYS Tracks:										
NYRA	55,881,648	8,950,209	139,709	353,507	4,360,798	950,574	147,976	189,457	9,438,148	80,412,026
Finger Lakes	4,640,112	49,152	66,893	352,053	45,423	11,211	-	54,483	5,219,327	
Batavia	691,026	175,280	421,012	230,723	135,624	19,225	50,788	205,937	1,929,615	
Buffalo	1,878,254	182,070	256,363	138,893	164,734	46,767	67,988	172,731	2,907,800	
Monticello	1,511,428	65,097	21,209	20,787	159,113	43,318	33,707	447,632	2,302,291	
Saratoga	10,549,002	658,314	36,984	42,287	377,910	44,380	94,715	1,153,308	12,956,900	
Tioga	755,016	135,973	15,665	21,385	129,006	70,444	70,870	107,617	1,305,976	
Vernon	1,858,938	325,359	50,013	78,607	331,092	286,471	103,552	318,501	3,352,533	
Yonkers	26,302,437	851,602	57,435	86,930	865,849	528,975	80,824	135,024	28,909,076	
TOTAL TO NYS TRACKS	104,067,861	11,343,904	626,530	1,091,408	6,786,324	2,341,358	497,253	642,549	11,898,357	139,295,544
EXPORTED TO NYS OTBs:										
Capital	55,172,235	5,224,658	111,918	182,586	2,593,677	2,733,796	93,359	783,621	3,139,025	70,034,875
Catskill	23,674,789	2,690,015	92,951	164,069	5,123,643	1,025,218	223,019	152,511	4,690,775	37,836,990
Nassau	70,674,919	4,687,302	99,922	203,586	4,036,068	955,711	101,395	138,654	6,970,239	87,867,796
Suffolk	40,671,468	2,576,164	64,840	101,974	2,076,272	507,374	42,244	71,524	3,197,890	49,309,650
Western	20,515,971	6,917,991	1,789,639	2,280,643	3,321,270	1,207,982	150,453	560,714	2,643,042	39,387,705
TOTAL TO NYS OTBS	210,709,382	22,096,130	2,159,270	2,932,758	17,150,930	6,430,081	610,470	1,707,024	20,640,971	284,437,016
EXPORTED OUT OF STATE*	1,546,512,464	116,936,249	2,222,357	6,350,234	86,548,183	19,776,806	4,182,284	3,643,030	140,847,090	1,927,018,697
TOTAL HANDLE	2,186,522,901	157,668,483	7,073,268	12,613,720	114,206,621	34,412,923	6,894,689	9,767,211	189,064,452	2,718,224,268

* Exported handle does not include separate pools.

32 2012 Total Betting at New York State Racetracks

	2012			2011		
	<u>Simulcast Imports</u>	<u>Live Racing</u>	<u>On-Track Betting</u>	<u>Simulcast Imports</u>	<u>Live Racing</u>	<u>On-Track Betting</u>
THOROUGHBRED:						
Aqueduct	209,393,100	88,706,189	298,099,289	\$ 175,558,634	\$ 84,044,596	259,603,230
Belmont	121,288,791	108,232,785	229,521,576	121,619,149	104,770,371	226,389,520
Saratoga	18,979,231	128,294,220	147,273,451	18,212,144	121,101,665	139,313,809
NYRA*	349,661,122	325,233,194	674,894,316	315,389,927	309,916,632	625,306,559
Finger Lakes	13,756,151	7,292,200	21,048,351	13,573,911	7,944,401	21,518,312
THOROUGHBRED TRACKS	363,417,273	332,525,394	695,942,667	328,963,838	317,861,033	646,824,871
HARNESS:						
Batavia	5,074,803	2,065,111	7,139,914	4,595,319	2,181,507	6,776,826
Buffalo	8,274,689	2,239,320	10,514,009	7,464,718	2,364,041	9,828,759
Monticello	5,193,463	3,721,184	8,914,647	4,983,202	4,245,925	9,229,127
Saratoga	34,142,418	5,864,678	40,007,096	31,563,545	6,218,305	37,781,850
Tioga	3,637,340	1,604,682	5,242,022	3,603,060	1,565,982	5,169,042
Vernon	8,310,957	3,774,608	12,085,565	8,208,138	3,807,159	12,015,297
Yonkers	75,487,222	15,678,034	91,165,256	94,628,716	19,196,761	113,825,477
HARNESS TRACKS	140,120,892	34,947,617	175,068,509	155,046,698	39,579,680	194,626,378
ALL TRACKS	\$ 503,538,165	\$ 367,473,011	\$ 871,011,176	\$ 484,010,536	\$ 357,440,713	\$ 841,451,249

* Simulcast Imports for NYRA tracks includes \$55,881,648 of inter-track simulcasting of NYRA racing to other NYRA tracks.

2012 Total Betting at New York State Racetracks

SUMMARY OF ON-TRACK BETTING		Betting at NYS Thoroughbred Tracks	Percent of Total Thoroughbred	Betting at NYS Harness Tracks	Percent of Total Harness	Total	Percent of Total
LIVE RACING:							
NYRA	\$325,233,194	46.8%	\$ -	-	0.0%	\$325,233,194	37.3%
Finger Lakes	7,292,200	1.0%	-	-	0.0%	7,292,200	0.8%
NYS Harness Tracks	-	0.0%	34,947,617	20.0%	34,947,617	4.0%	
All Live Racing at NYS Tracks	332,525,394	47.8%	34,947,617	20.0%	367,473,011	42.1%	
 IN-STATE SIMULCASTING BETWEEN NYS TRACKS:							
NYRA	60,521,760	8.7%	43,546,102	24.9%	104,067,862	11.9%	
Finger Lakes	8,950,209	1.3%	2,393,696	1.4%	11,343,905	1.3%	
NYS Harness Tracks	16,159,384	2.3%	7,724,393	4.4%	23,883,777	2.7%	
All Simulcasts from NYS Tracks	85,631,353	12.3%	53,664,191	30.7%	139,295,544	15.9%	
 WAGERING ON NYS RACING AT NYS TRACKS							
	418,156,747	60.1%	88,611,808	50.7%	506,768,555	58.0%	
 WAGERING ON OUT OF STATE RACES AT NYS TRACKS:							
Thoroughbred Races	277,785,920	39.9%	65,461,322	37.3%	343,247,242	39.6%	
Harness Races	-	0.0%	20,995,379	12.0%	20,995,379	2.4%	
All Simulcasts from Out-of-State Tracks	277,785,920	39.9%	86,456,701	49.3%	364,242,621	42.0%	
TOTAL BETTING AT NYS TRACKS FROM ALL SOURCES	\$695,942,667	100.0%	\$ 175,068,509	100.0%	\$871,011,176	100.0%	

2012 Distribution of On-Track Betting

	NYRA	Finger Lakes	Batavia	Buffalo	Monticello	Saratoga	Tioga	Vernon	Yonkers	All NYS Tracks
Regular	\$ 228,076,976	\$ 5,588,842	\$ 2,870,186	\$ 2,801,142	2,016,180	\$ 12,272,536	\$ 1,470,926	\$ 3,233,455	\$ 26,533,815	\$ 283,864,058
Multiple	243,135,053	7,345,251	2,173,270	3,041,708	3,306,223	14,335,772	1,677,860	4,304,685	31,084,820	310,404,642
Exotic	200,422,382	8,114,258	3,013,089	4,626,953	3,592,244	13,093,841	2,093,236	4,547,425	33,546,621	273,050,049
Super Exotic	3,259,905	-	83,369	44,206	-	304,947	-	-	-	3,692,427
Total Handle	\$ 674,894,316	\$ 21,048,351	\$ 7,139,914	\$ 10,514,009	\$ 8,914,647	\$ 40,077,096	\$ 5,242,022	\$ 12,085,565	\$ 91,165,256	\$ 871,011,176
Takeout	\$ 132,326,662	\$ 4,352,637	\$ 1,522,656	\$ 2,195,312	\$ 1,893,409	\$ 8,145,267	\$ 1,087,187	\$ 2,602,835	\$ 18,786,281	\$ 172,912,246
Breakage	3,070,044	89,620	26,840	41,029	31,439	164,492	19,433	47,026	323,718	3,813,641
Total Takeout and Breakage	\$ 135,396,706	\$ 4,442,257	\$ 1,549,496	\$ 2,236,341	\$ 1,924,848	\$ 8,309,759	\$ 1,106,620	\$ 2,649,861	\$ 19,109,999	\$ 176,725,887
State Tax on Handle	\$ 8,631,814	\$ 283,919	\$ 86,436	\$ 134,448	\$ 96,113	\$ 464,268	\$ 71,288	\$ 164,081	\$ 1,096,940	\$ 11,029,307
State Regulatory Fee	3,374,806	105,242	35,699	52,574	44,573	200,035	26,210	60,428	455,826	4,355,393
State Tax on Breakage	1,075,415	39,303	10,826	17,126	13,610	64,107	8,135	19,098	146,191	1,393,811
Total Tax and Regulatory Fee	\$ 13,082,035	\$ 428,464	\$ 132,961	\$ 204,148	\$ 154,296	\$ 728,410	\$ 105,633	\$ 243,607	\$ 1,698,957	\$ 16,778,511
Racetrack Commission	\$ 116,081,735	\$ 3,858,235	\$ 1,343,009	\$ 1,931,916	\$ 1,677,637	\$ 7,225,022	\$ 944,719	\$ 2,277,195	\$ 16,637,286	\$ 151,976,754
Racetrack Breakage	1,994,629	50,317	16,014	23,903	17,829	100,385	11,298	27,928	177,527	2,419,830
Total to Racetrack	\$ 118,076,364	\$ 3,908,552	\$ 1,359,023	\$ 1,955,819	\$ 1,695,466	\$ 7,325,407	\$ 956,017	\$ 2,305,123	\$ 16,814,813	\$ 154,396,584
Horse Breeders Fund Share	\$ 4,238,307	\$ 105,241	\$ 57,512	\$ 76,374	\$ 75,086	\$ 255,942	\$ 44,970	\$ 101,131	\$ 596,229	\$ 5,550,792
Racetrack Payouts										
Paid to Simulcast Senders	\$ 14,256,066	\$ 667,920	\$ 193,930	\$ 384,744	\$ 230,501	\$ 1,783,477	\$ 168,720	\$ 390,815	\$ 3,872,804	\$ 21,948,977
Paid to NYRA and Finger Lakes	\$ -	\$ -	\$ 64,799	\$ 112,158	\$ 55,530	\$ 578,948	\$ 65,937	\$ 85,668	\$ 1,211,786	\$ 2,174,826
Gross Purses Paid	\$ 146,796,840	\$ 17,779,100	\$ 5,635,785	\$ 7,952,149	\$ 9,346,167	\$ 18,084,062	\$ 8,026,159	\$ 8,173,810	\$ 60,716,435	\$ 282,510,507
Minus Pool	\$ 1,250,567	\$ 18,974	\$ 20,829	\$ 1,859	\$ 39,176	\$ 29,708	\$ 2,076	\$ 22,638	\$ 131,457	\$ 1,517,284
Uncashed Tickets	\$ 1,893,944	\$ 99,469	\$ 25,272	\$ 5,377	\$ 36,244	\$ 168,259	\$ 42,038	\$ 60,899	\$ 444,247	\$ 2,775,749
State Admission Taxes	\$ 352,427	\$ 549	\$ -	\$ -	\$ -	\$ 396	\$ -	\$ 735	\$ 4,865	\$ 358,972

2012 New York State Regional OTBs Total Handle By Track and Region

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>
New York State Thoroughbred:						
NYRA:						
Aqueduct	\$ 17,134,820	\$ 8,819,251	\$ 27,554,227	\$ 16,127,681	\$ 8,061,401	\$ 77,697,380
Belmont	19,328,706	9,578,578	28,155,333	16,167,688	7,951,074	81,181,379
Saratoga	18,708,709	5,276,960	14,965,359	8,376,099	4,503,496	51,830,623
Total NYRA	55,172,235	23,674,789	70,674,919	40,671,468	20,515,971	210,709,382
Finger Lakes	5,224,658	2,690,015	4,687,302	2,576,164	6,917,991	22,096,130
Handle on NYS Thoroughbred Tracks	60,396,893	26,364,804	75,362,221	43,247,632	27,433,962	232,805,512
 New York State Harness:						
Batavia	111,918	92,951	99,922	64,840	1,789,639	2,159,270
Buffalo	182,586	164,069	203,586	101,874	2,280,643	2,932,758
Monticello	2,593,677	5,123,643	4,036,068	2,076,272	3,321,270	17,150,930
Saratoga	2,733,796	1,025,218	955,711	507,374	1,207,982	6,430,081
Syracuse Mile	-	-	-	-	-	-
Tioga	93,359	223,019	101,395	42,244	150,453	610,470
Vernon	783,621	152,511	138,654	71,524	560,714	1,707,024
Yonkers	3,139,025	-	6,970,239	3,197,890	2,643,042	15,950,196
Handle on NYS Harness Tracks	9,637,982	6,781,411	12,505,575	6,062,018	11,953,743	46,940,729
Handle on All New York State Tracks	70,034,875	33,146,215	87,867,796	49,309,650	39,387,705	279,746,241
 Out-of-State Thoroughbred:						
Out-of-State Harness	73,600,769	42,282,950	115,720,939	50,732,949	40,026,318	322,363,925
Handle on Out-of-State Tracks	11,799,542	14,367,540	21,770,614	10,480,809	16,093,116	74,511,621
Special Event Races:						
Breeders Cup	1,509,712	455,362	591,648	380,524	586,143	3,523,389
Kentucky Derby	1,725,624	1,757,555	2,447,590	1,571,635	1,851,456	9,353,860
Preakness Stakes	893,163	912,813	1,299,722	835,701	896,113	4,837,512
Handle on Special Event Races	4,128,499	3,125,730	4,338,960	2,787,860	3,333,712	17,714,761
Total NYS OTB Handle on All Tracks	\$159,563,685	\$ 92,922,435	\$ 229,698,309	\$ 113,311,268	\$ 98,840,851	\$ 694,336,548

2012 New York State Regional OTBs Direct & Regional Payments to Tracks

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>Suffolk</u>	<u>Western</u>	<u>TOTAL</u>
<u>New York State Thoroughbred:</u>						
Aqueduct	1,120,868	784,674	2,123,671	1,221,586	340,773	5,591,572
Belmont	1,110,325	621,900	2,178,046	1,226,047	341,133	5,477,451
Saratoga	981,312	342,545	1,170,096	638,108	179,917	3,311,978
Total NYRA Direct	3,212,505	1,749,119	5,471,813	3,085,741	861,823	14,381,001
NYRA Regional	3,042,731	1,998,444	5,056,556	2,271,109	1,827,984	14,196,824
Finger Lakes Direct	283,332	112,505	192,397	117,133	418,586	1,123,953
Finger Lakes Regional	631,856	372,884	990,875	429,898	790,837	3,216,350
Total New York State Thoroughbred	7,170,424	4,232,952	11,711,641	5,903,881	3,899,230	32,918,128
<u>New York State Harness:</u>						
Batavia Direct	2,471	1,580	1,734	1,295	98,642	105,722
Batavia Regional	-	-	-	-	619,379	619,379
Buffalo Direct	4,546	2,844	3,501	1,774	125,329	137,994
Buffalo Regional	-	-	-	-	855,249	855,249
Monticello Direct	69,827	300,736	358,581	120,724	82,171	932,039
Monticello Regional	-	467,364	656,660	332,214	-	1,456,238
Saratoga Direct	307,587	20,016	16,912	9,007	21,825	375,347
Saratoga Regional	2,174,676	-	816	-	-	2,175,492
Tioga Direct	2,291	10,403	5,602	2,344	2,855	23,495
Tioga Regional	-	39,378	288,486	28,940	-	356,804
Vernon Direct	34,577	2,596	2,365	1,287	19,720	60,545
Vernon Regional	613,091	5,486	-	-	181,644	800,221
Yonkers Direct	78,320	287,422	1,105,819	180,967	60,948	1,713,476
Yonkers Regional	-	725,550	737,814	949,657	-	2,413,021
Total New York State Harness	3,287,386	1,863,375	3,178,290	1,628,209	2,067,762	12,025,022
Total Payments to New York State Tracks	10,457,810	6,096,327	14,889,931	7,532,090	5,966,992	44,943,150
Out-of-State Thoroughbred	2,750,973	1,465,378	4,128,909	1,769,987	1,343,009	11,458,256
Out-of-State Harness	252,004	308,530	412,725	222,499	343,170	1,538,928
Total Payments to Out-of-State Tracks	3,002,977	1,773,908	4,541,634	1,992,486	1,686,179	12,997,184
<u>Special Events:</u>						
Breeders Cup	116,123	34,776	44,756	28,653	45,629	269,937
Kentucky Derby	109,931	111,921	149,170	100,074	118,589	589,685
Preakness Stakes	57,947	59,084	79,595	54,101	58,874	309,601
Total Special Events	284,001	205,781	273,521	182,828	223,092	1,169,223
Total Payments to All Tracks	13,744,788	8,076,016	19,705,086	9,707,404	7,876,263	59,109,557

2012 New York State Regional OTBs

Distribution of Revenues

	<u>Capital</u>	<u>Catskill</u>	<u>Nassau</u>	<u>Suffolk</u>	<u>Western</u>	<u>All Regions</u>
Pari-Mutuel Revenue:						
Statutory Take-Out	\$ 32,552,543	\$ 20,685,612	\$ 47,445,307	\$ 23,366,542	\$ 21,210,079	\$ 145,260,083
Breakage	668,646	312,350	878,283	432,432	314,268	2,605,979
Minus Pools	(45,382)	(19,733)	(94,791)	(23,153)	(16,501)	(199,560)
Missed Pools	(152)	211	-	-	(2,395)	(2,336)
Derived from Section 532.3.b.(iv) & 532.7	1,064,460	965,344	1,741,815	763,069	1,195,197	5,729,885
Total Pari-Mutuel Revenue	\$ 34,240,115	\$ 21,943,784	\$ 49,970,614	\$ 24,538,890	\$ 22,700,648	\$ 153,394,051
Statutory & Simulcast Payments						
New York State (Pari-Mutuel Tax & Breakage)	\$ 1,235,710	\$ 823,638	\$ 1,680,607	\$ 922,194	\$ 915,857	\$ 5,578,006
New York State Racing & Wagering Board Regulatory Fee	797,819	488,066	1,145,364	566,556	494,204	3,492,009
NYS Thoroughbred Development & Breeding Fund	778,268	396,660	1,092,725	554,495	401,251	3,223,399
Ag. & NYS Breeding & Dev. Fund Breeders' Fund - Harness	360,193	314,744	532,323	265,569	345,817	1,818,646
In State Thoroughbred Tracks	7,170,424	4,232,952	11,711,641	5,903,881	3,899,230	32,918,128
Out of State Thoroughbred Tracks	2,750,973	1,465,378	4,128,909	1,769,987	1,343,009	11,458,256
In State Harness Tracks	3,287,386	1,863,375	3,178,290	1,628,209	2,067,762	12,025,022
Out of State Harness Tracks	252,004	308,530	412,725	222,499	343,170	1,538,928
Special Events	284,001	205,781	273,521	182,828	223,092	1,169,223
Total Statutory & Simulcast Payments	\$ 16,916,778	\$ 10,099,124	\$ 24,156,105	\$ 12,016,218	\$ 10,033,392	\$ 73,221,617
Net Pari-Mutuel Revenue	\$ 17,323,337	\$ 11,844,660	\$ 25,814,509	\$ 12,522,672	\$ 12,667,256	\$ 80,172,434
Other Revenue						
Admission Income & Tax	\$ 63,511	\$ 70,005	94,699	\$ 88,780	\$ 1,278	\$ 318,273
Lottery Income	280,500	170,318	46,108	129,564	294,996	921,486
Concession Income	86,888	25,870	12,097	20,900	19,854	165,609
Derived from Section 509-a(3)	-	-	-	-	-	-
Transfer from Section 509 Reserve Fund	-	-	-	-	-	-
Interest Income	11,315	-	-	7,593	4,004	22,912
Enterprise Fund - Net Revenue / (Loss)	(2,163,256)	-	-	-	5,388,718	3,225,462
Other Income	168,500	225,348	699,709	238,665	1,056,986	2,389,208
Net Revenue from Operations	\$ 15,770,795	\$ 12,336,201	\$ 26,667,122	\$ 13,008,174	\$ 19,433,092	\$ 87,215,384
Operating Expenses						
Branch Expenses	\$ 12,093,640	\$ 8,993,024	25,754,935	\$ 9,436,997	\$ 12,597,535	\$ 68,876,131
General & Administrative Expenses	4,522,511	2,285,163	2,597,009	8,494,537	6,710,547	24,609,767
Total Operating Expenses	\$ 16,616,151	\$ 11,278,187	\$ 28,351,944	\$ 17,931,534	\$ 19,308,082	\$ 93,485,898
Section 516 Net Revenues from Operations	\$ (845,356)	\$ 1,058,014	\$ (1,684,822)	\$ (4,923,360)	\$ 125,010	\$ (6,270,514)
Less: Section 509-a(ii) Contributions to Capital Acquisition Fund	-	-	-	-	-	-
Section 509 Contributions to Reserve Fund	-	-	-	-	-	-
Section 527.6 Obligations	-	-	-	-	-	-
Section 516 Net Revenue for Distribution	\$ (845,356)	\$ 1,058,014	\$ (1,684,822)	\$ (4,923,360)	\$ 125,010	\$ (6,270,514)

2012 New York State Regional OTBs

Supplemental Information/Definitions

Supplemental Information/Definitions and Notes

Revenue:

Enterprise Fund: Net revenue or loss from the corporations business enterprise. For Capital OTB the amounts relate to the operation of a simulcast television channel. For Western OTB the amounts relate to the operation of Batavia Downs Racetrack and Video Gaming Facility.

Operating Expenses:

GASB 45: Certain expense include amounts relating to the Government Accounting Standards Board Statement 45 (GASB 45). GASB 45 requires the recognition of Other Post Employment Benefits (OPEB).

Expense	Capital	Catskill	Nassau	Suffolk	Western	Total
Enterprise Fund	789	-	-	-	144,677	145,466
Branch Expenses	4,231	126,166	606,407	642,589	819,835	2,199,228
General & Administrative	3,178	41,213	90,612	1,224,757	-	1,359,760
Total	8,198	167,379	697,019	1,867,346	964,512	3,704,454

Section 516 Net Revenue Available for Distribution: Amounts available after payment of allowable expenses that must be distributed to participating localities on a quarterly

General Notes:

Reference to "section" relates to sections within the New York State Racing, Pari-Mutuel Wagering and Breeding Law

Distributable Surchage:

In addition to Section 516 Net Revenue, corporations are required to distribute surcharge levied on winning payoffs to participating and other localities on a monthly basis. The following is a summary of the surcharge available for distribution as of 12/31/2012 for each corporation.

	Capital	Catskill	Nassau	Suffolk	Western	Total
Participating Localities	1,879,599	1,598,005	2,971,760	1,313,678	1,985,282	9,748,324
Other Localities	793,140	476,857	1,169,947	550,611	630,248	3,620,803
Total Surcharge	2,672,739	2,074,862	4,141,707	1,864,289	2,615,530	13,369,127

The above does not include surcharge retained by the corporation for corporate purposes or the capital acquisition fund. Participating Localities are local governments within the Off-Track Betting Region that have elected to participate under Section 502 of the Racing, Pari-Mutuel Wagering and Breeding Law. Other Localities are local governments which have racetracks located within their borders and receive a portion of the surcharge.

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New York State Gaming Commission
PO Box 7500
Schenectady, New York 12301-7500
Phone: (518) 395-5400 Fax: (518) 347-1250
www.gaming.ny.gov