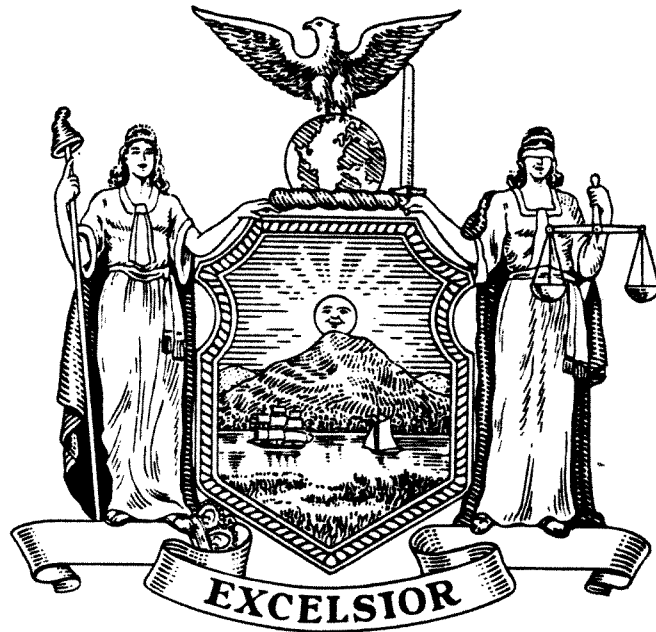


**STATE OF NEW YORK  
SIMULCAST REPORT  
1986**



**NEW YORK STATE  
RACING & WAGERING BOARD**

**MARIO M. CUOMO**  
Governor

**RICHARD F. CORBISIERO, JR.**  
Chairman

**JOSEPH P. NEGLIA**  
Member



STATE OF NEW YORK  
NEW YORK STATE RACING AND WAGERING BOARD

400 Broome Street  
New York, N. Y. 10013  
(212) 219-4230

MEMBERS

Richard F. Corbisiero, Jr.  
Chairman

Michael Lee  
Joseph P. Neglia

March 31, 1987

To the Honorable Mario M. Cuomo, Governor:

In accordance with Section 1002(2) of the Racing, Pari-Mutuel Wagering and Breeding Law, I am pleased to submit to you the third annual Simulcast Report of the Racing and Wagering Board.

Nineteen hundred and eighty-six was the year in which New York State's total wagering on and off-track reached a new record high in excess of \$3.35 billion, an increase of at least 5.8% over 1985. This second full calendar year for the simulcasting of horse races for pari-mutuel purposes throughout the state, saw changes in both the statutory authority for simulcasting and its results, which are described in detail in this report.

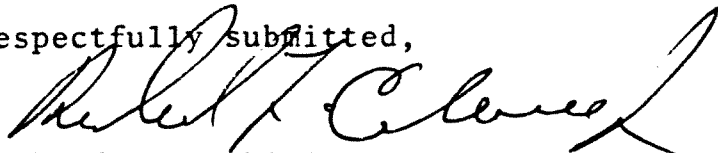
The importance of the racing and wagering industry to our state should not be measured in terms of tax revenues, but in terms of the people it employs and the industries it supports, and its place in the overall scheme of the economic well being of the Empire State. The industry continues to be plagued by significant differences among certain on-track and off-track interests. We cannot afford the "luxury of acrimony". An innovative tool such as simulcasting will not cure all the problems which inhibit the development of the full potential of the industry, but it appears to help. The Board believes that there must be a cooperative partnership between all elements of the industry if New York is to maintain its preeminence in the racing world.

You and the Legislature have been most responsive to the needs of the horse racing, pari-mutuel wagering and breeding industries. Together, we must continue to promote and enhance this unique and exciting sport. Future legislation should be directed towards the goals of expanding

the economy of and interest in racing and achieving true industry-wide cooperation.

The Board's staff, particularly those assigned to the Bureau of Off-Track Betting headed by Steven H. Richman, and John Dailey, our Director of Policy and Planning, should be commended for their extraordinary efforts in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Richard F. Corbisiero, Jr.", written in dark ink.

Richard F. Corbisiero, Jr.  
Chairman

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## PREAMBLE

Nineteen hundred and eighty-six was the second full calendar year in which comprehensive statewide simulcasting of horse races within New York State occurred. "Simulcasting" is the display of live televised horse races on which pari-mutuel betting is permitted at a site other than the track where the race is held.

It was authorized by Governor Cuomo and the Legislature in July 1984 on a one year experimental basis. The purpose of the 1984-85 experiment was to determine if simulcasting could promote the overall growth of the racing, pari-mutuel wagering and breeding industries, resulting in additional revenues for the support of racing associations and corporations, purses, breeders, off-track betting corporations, labor, and state and local governments. The one year experimental scheme for simulcasting ran from July 1, 1984 - June 30, 1985, pursuant to Chapter 363, the Laws of 1984.

After careful study and analysis of that experiment during 1985, including this Board's 1984 Simulcast Report and recommendations to the Governor and Legislature (dated March 27, 1985), the Legislature then passed and Governor Cuomo approved, Chapters 286 and 287 of the Laws of 1985. The 1985 laws amended the provisions of Article X of the Racing, Pari-Mutuel Wagering and Breeding Law and authorized comprehensive statewide simulcasting for five years through June 30, 1990. In extending the provisions of Article X, the Legislature continued to find that the racing, breeding and pari-mutuel wagering industry is an important sector of the

economy of this state, providing substantial revenues to state and local governments, and employing thousands of state residents. The Legislature determined that simulcasting holds the potential for strengthening and furthering these economic contributions and that it is in the best interests of the state to continue to encourage simulcasting.

On December 30, 1986, Governor Cuomo signed into law Chapter 919 of the Laws of 1986. This newly enacted law amended certain provisions of the simulcast statute (Article X) to expand the type of services and amenities off-track betting corporations could offer in designated simulcast facilities. It also increased the opportunities for the expansion of simulcasting by further limiting the occasions when track consents are required. The specific provisions of Chapter 919 are discussed later in this report.

The Legislature continued general supervisory and regulatory jurisdiction for all simulcasting in the New York State Racing and Wagering Board, in accordance with basic guidelines established by the Legislature in Article X. In exercising its regulatory authority, the Board was directed (by the Legislature) not to authorize any simulcasts which would jeopardize present racing or employment opportunities or which would infringe on the current operations or markets of the racetracks and the regional off-track betting corporations which generate significant revenues for local governments in the state.

Section 1002(2) of the Racing, Pari-Mutuel Wagering and Breeding Law requires the board to annually submit a report on or before March thirty-first

following each year in which simulcasting is conducted, to the Governor and the Legislature. This report on simulcasting is to evaluate its compatibility with the well being of the horse racing, breeding and pari-mutuel wagering industries in the state and the Board is to make any recommendations it deems appropriate. In accordance with the statutory mandate, the Board respectfully submits this, its third report, for the year ending December 31, 1986.

### DEFINITIONS

In order to better understand this report on simulcasting, several specialized technical terms must be defined.

A simulcast is the display of live audio and visual signals of thoroughbred, harness or quarterhorse races conducted at a track in the state for the purposes of pari-mutuel wagering at a site away from the track.

A sending track is the racetrack holding the races from which simulcasts originate.

There are three types of simulcast receiving facilities - an OTB branch (including an OTB telebranch and an enhanced telebranch), a receiving track or a simulcast theater (including demonstration projects).

A licensed OTB branch, the ordinary operating component of an OTB corporation, is authorized to display the simulcast signal.

During 1985, a special type of OTB branch was developed, called a



"telebranch". A telebranch is a licensed OTB branch with additional amenities for patrons, including larger screens, restrooms, food and non-alcoholic beverage service.

Chapter 919 of the Laws of 1986 created a third category of OTB branches which offers simulcasting. The Board has classified this category as an "enhanced telebranch". An enhanced telebranch has all the amenities of a telebranch. In addition, an enhanced telebranch, serves alcoholic beverages with the approval of the Board and issuance of appropriate licenses by the New York State Liquor Authority. A total of 16 such enhanced branches are authorized with three (3) each in multi-county OTB Regions (Western, Capitol, Catskill and New York City) and two (2) in single county OTB regions (Nassau and Suffolk). The statute set forth the minimum seating requirements in a restaurant setting for this new type of facility.

A receiving track, is a licensed pari-mutuel racetrack where simulcasts, which originate from another licensed pari-mutuel track, are displayed.

A simulcast theater is defined as a public entertainment and wagering facility. It has such amenities as a large projection screen, a display system for odds, pools, and payout prices, areas for viewing and seating, food, alcoholic and non-alcoholic beverage service.

In the July 1985 legislation, special types of simulcast theaters called "special demonstration projects" were created for purposes of stimulating economic development, employment opportunities and state and local revenues. These special demonstration projects were authorized only in privately owned

hotels in Sullivan and Ulster Counties for the exclusive use of guests of the hotel. Hotels in Greene County were made eligible by a 1986 statutory amendment. Additionally, one such special demonstration project was authorized within the City of New York. These facilities were authorized to be operated jointly by an OTB corporation or OTB corporation and track with an outside or third party. To date, no applications for any of these licenses have been made.

Simulcasting uses the existing pari-mutuel system of betting (the only legalized form within the State of New York). In that system, all monies bet in a given race go into a pool. Odds on each horse or combination of horses are based upon the amount of money bet on each horse or combination in relation to the amount of the pool. Neither the track at which the races are run nor OTB contribute any funds to the pool from which winning bets are paid.

During the first year of the experiment (1984-85), minimum compensation to tracks simulcasting to OTB branches was calculated on the basis of "incremental" handle.

Currently compensation to the sending tracks by off-track betting corporations is by agreement and while some of the agreements still calculate on the basis of "incremental" handle, the computation of "incremental" differs substantially from the former statutory formula. In calculating simulcast handle, several of the agreements allowed for what has been called "cannibalization".

Cannibalization is the reallocation of bettors and their dollars to a simulcast facility from the surrounding/nearby OTB branches which do not have simulcasting. Again, simply put, simulcast branches tend to draw customers from non-simulcast branches.

Incremental handle was defined as the amount by which total monies bet at designated OTB facilities during the simulcast experiment exceeded the total amount wagered in those facilities during a previous non-simulcast time period. That time period was defined by statutory formula. Simply stated it was the difference in a simulcast branch's handle before and after simulcasting.

The July, 1985 amendments to the simulcasting statute deleted the incremental handle standard and its statutory formulation and left compensation as a matter to be agreed upon by the tracks and OTB's.

However, a new formula defining "simulcast handle", was written. The new definition does not apply to compensation to be paid by an OTB corporation for simulcasting. It serves as the basis for computing tax credits now granted by the state to the tracks (except the New York Racing Association and Suffolk Meadows Race Track) as an incentive to encourage the tracks to simulcast their races to OTB branches. For this purpose, simulcast handle is defined as the entire handle of an OTB simulcast branch on the races of the track being simulcast.

## BACKGROUND SUMMARY: SIMULCASTING 1979 - 1985

New York has been a leader in the development of simulcasting. Beginning in 1979, the state undertook various experiments and test projects relating to simulcasting, including the first comprehensive statewide experimental program during 1984-1985.

For the purposes of understanding what the state has done in the past, the following information summarizes New York's efforts during the period of October 1979 through December 1985.

### SIMULCAST OPERATIONS BY OFF-TRACK BETTING CORPORATIONS AND RACETRACKS BEFORE JULY 1, 1984 (PRE-ARTICLE X)

Prior to the commencement of the experimental scheme in July 1984, several limited simulcast programs were authorized.

Within the state, the Legislature authorized the New York City Off-Track Betting Corporation to display in two existing OTB facilities on Staten Island, the telecast of live audio-visual signals of harness racing. This experiment began in October 1981 at the Grant City and Richmond Avenue branches. A similar program was undertaken in Suffolk County by that county's Regional Off-Track Betting Corporation in March 1982 at their Sun Vet and Shirley ranches. The authority for this simulcasting expired on June 30, 1985 (pursuant to §521 (8) of the Racing, Pari-Mutuel Wagering and Breeding Law, as amended). Current simulcasts to these locations are treated as regular simulcast facilities, under the provisions of Article X.

Two substantial on-going simulcast operations of New York racing to points outside the state have also been conducted. The first involves the on-going transmission of live audio-visual signals from New York thoroughbred and harness tracks to the State of Connecticut for their off-track betting system. This system, operated in part by General Instrument, Amtote System Division, first received televised pictures of New York Racing Association (NYRA) thoroughbred programs and harness racing from Roosevelt and Yonkers Raceways in October 1979 at one facility, a new "Teletrack", located in New Haven.

The only other state receiving daily simulcasts of New York's races is Nevada. Beginning in June 1983, NYRA and Caesars Palace entered into an agreement to simulcast NYRA racing to licensed race books at Caesars Palace and other locations in the State of Nevada. In June 1984, Yonkers and Roosevelt Raceways' harness simulcasts were also made available to licensed race books in Nevada. A detailed discussion of the New York-Nevada arrangements is contained hereinafter.

In addition, on numerous special occasions, New York stakes and feature races are simulcast to various out-of-state tracks. These simulcasts are the subject of specially negotiated agreements, approved by the Board on a case by case basis, and must comply with the provisions of the federal Interstate Horseracing Act of 1978.

SIMULCASTING OPERATIONS BY OFF-TRACK BETTING CORPORATIONS AND  
RACETRACKS DURING 1984

After the enactment of the experimental simulcasting statute in July 1984, all of the state's off-track betting corporations and six of the state's ten tracks participated in the experiment.

A total of 55 simulcast licenses were issued, four to tracks, and 51 to off-track betting branches. (The two tracks which only transmitted simulcasts were not required to be licensed under terms of the law.)

The first experiment was conducted by the New York Racing Association with simulcasts of its Saratoga races to its Aqueduct track beginning August 1, 1984. During August, the New York City, Nassau, Suffolk and Catskill OTB regions followed with simulcasts of the Saratoga thoroughbred races, and also Roosevelt Raceway harness races. Eventually, during 1984, the Capital and Western regions and Saratoga Raceway and Finger Lakes Race Track and Buffalo Raceway joined the experiment.

All of the simulcasting was done by agreement between the tracks and OTB corporations. The tracks charged the OTB corporations an additional percentage of handle (approximately 4%) above the regular statutory percentages (of approximately 5%). This was based upon a computation of additional incremental handle caused by simulcasting. Thus, for this incremental handle the OTB corporations paid the tracks approximately 9%, rather than the usual 5%.

Track to track simulcasting was also based on contractual agreements. Saratoga Raceway, Finger Lakes Race Track and Buffalo Raceway all simulcast NYRA races and paid about 7.1% of their handle to NYRA.

SIMULCAST OPERATIONS BY OFF-TRACK BETTING CORPORATIONS AND  
RACETRACKS DURING 1985

Nineteen hundred and eighty-five was the first complete calendar year in which comprehensive statewide simulcasting of horse races within New York State occurred. During the course of that year, the Legislature passed and the Governor signed into law a five year authorization for comprehensive statewide simulcasting through June 30, 1990.

The Board issued a total of 84 simulcast facility licenses in 1985; 80 to off-track betting corporations and four to racetracks. Included therein was the state's first simulcast theater license. It was issued to the Capital District Regional Off-Track Betting Corporation for its simulcast theater within the Teleplex Racing Center, Albany, New York. This simulcast theater opened to the public for wagering on October 19, 1985.

The 1985 statewide simulcast handle totalled \$395.2 million of which \$331.2 million was wagered at off-track betting facilities while \$64 million was wagered at track to track simulcast locations. All simulcasting between sending tracks and receiving tracks as well as to off-track betting corporation facilities was done pursuant to contractual agreements between the respective parties. The compensation paid to the sending tracks following the five year renewal of the

statutory authorization was somewhat less than it was under the one year experiment (pre July 1985).

The New York City, Nassau, Suffolk and Catskill Regional Off-Track Betting Corporations considered that their respective 1985 simulcast operations were at least, not a losing proposition. The Capital District Regional Off-Track Betting Corporation as well as Finger Lakes Race Track, Saratoga Raceway and NYRA's simulcasts to Aqueduct from Saratoga were successful. Both the Western Regional Off-Track Betting Corporation and Buffalo Raceway concluded that their experiences with simulcasting in 1985 were not financially successful.

With the enactment of the 1985 Omnibus Racing Legislation, all parties hoped that the statutory amendments would enhance the success of simulcasting and result in the overall improvement of the racing, pari-mutuel wagering and breeding industries.

#### APPLICATION PROCESS AND GUIDELINES

In authorizing intra-state simulcasting, the Legislature mandated that each track or off-track betting corporation must apply for a license to operate a simulcast facility. Such a facility may be a racetrack, an OTB branch or a simulcast theater.

Applications for licenses shall be in such form as may be prescribed by the Board and contain such information, material or other evidence the Board



may require. In addition, the Legislature prescribed a five hundred dollar per year license fee for each simulcast facility to be paid by the licensee.

The application itself must contain a "simulcast plan of operation" which is subject to the review and approval of the Racing and Wagering Board. Section 1003(2) of the Racing, Pari-Mutuel Wagering and Breeding Law specifies the contents of such plan.

Each applicant must also submit a feasibility study projecting the estimated revenues and costs to operate a simulcast facility. To be included in the study is the following information:

1. the number of simulcast races to be displayed;
2. the types of wagering to be offered;
3. the level of attendance expected and the area from which such attendance will be drawn;
4. the level of anticipated wagering activity;
5. the source and amount of revenues expected from other than pari-mutuel wagering;
6. the costs of operating the simulcast facility and the identification of costs to be amortized and the method of amortization of such costs;
7. the amount and source of revenues needed for financing the simulcast facility; and
8. the probable impact of the proposed operation on revenues to local government.

In addition to the feasibility study, the simulcast plan of operation details the security measures to be used to protect the facility, control crowds,

safeguard the transmission of simulcast signals and to accomplish the transmission of wagering data to effectuate common wagering pools. Information on the type of data processing, communication and transmission equipment to be utilized must also be provided. The applicant is required to describe the management groups responsible for the operation of the simulcast facility and the system of accounts employed to maintain a separate record of revenues collected by the simulcast facility, the distribution of such revenues and the accounting costs relative to the simulcast operation. The simulcast plan of operation also specifies the location of each facility and includes confirmation from the appropriate local authorities that the location of the simulcast facility and the number of patrons expected to occupy such facility are in compliance with all applicable local ordinances.

The final requirement of section 1003 states that an applicant must submit the written agreements or letters of consent by those parties specified in sections 1007, 1008 and 1009 of the statute (including as the case may be, racetracks, off-track betting corporations and/or local governments).

In addition, section 1010 mandates that the simulcast plan of operation shall include provision for job security for racetrack and OTB corporation employees within the region where the simulcast facility is located.

The Board has imposed additional requirements for licensing a simulcast facility. Following Board approval of the Capital District Regional Off-Track Betting Corporation's application to operate a telebranch in Albany during 1985, an unsuccessful law suit was commenced by area residents in an attempt

to prevent the opening of the facility. New York State Supreme Court, Albany County, determined that the Board acted correctly in licensing the facility. During the course of preparing for this litigation, the Board was advised that it must insure compliance with the State Environmental Quality Act with respect to the determination of the environmental impact relating to a simulcast facility. Capital District Regional OTB then submitted a comprehensive statement for the Albany facility, and it was then licensed by the Board. The court thereafter found that the Board properly licensed the facility. Accordingly, the Board now requires the submission of an Environmental Assessment Statement in a prescribed format for each new simulcast facility.

During 1986, the Racing and Wagering Board sought to insure that all off-track betting facilities (including simulcast facilities) are in compliance with the New York State Uniform Fire Prevention and Building Code. (A similar effort with respect to track facilities was also undertaken). An interim procedure was established. The appropriate local governments' code enforcement officer was requested to inspect the facility and confirm its compliance with the State's Uniform Code.

Currently, the Board, in conjunction with the appropriate Department of State subdivisions (Codes Division, Office of Fire Prevention and Control, and Counsel's Office) are reviewing the potential means and methodologies available to insure the public's safety in all pari-mutuel betting facilities in New York State. (See "Recommendations").

The procedures adopted by the Board to effectuate these statutory guidelines recognized that the Governor and Legislature wished to encourage the broadest possible utilization of simulcasting. Basically, applicants were required to submit an outline of the principal elements of the simulcast plan of operation and feasibility study to the Board, together with proof of agreement by all the necessary and required parties. Upon receipt of the above, the Board reviewed a submission and made a determination thereon. In several instances, temporary licenses were issued contingent upon the receipt of further necessary and required documentation. For the Board, "a meeting of the minds" between the essential players in this arrangement was critical in making a determination to authorize a specific simulcasting operation. Of course, a speedy submission of the necessary written materials always was required.

#### SIMULCAST FACILITY LICENSING

In accordance with the provisions of Section 1002(1) of the Racing, Pari-Mutuel Wagering and Breeding Law, the Board issued guidelines for applications for simulcast facility licenses. An annual licensing cycle of July 1 through June 30 of the following year was established to coincide with the statutory authorization concerning Article X.

With the effective date of the revised Article X, the Board required each applicant to apply for a new simulcast facility license for the year July 1, 1985 through June 30, 1986. Accordingly, a renewal procedure was implemented for

the licensing year July 1, 1986 through June 30, 1987. Under this procedure, 127 simulcast facility licenses were issued and a total of \$63,500 in fees were received and remitted to the State's general fund as of December 31, 1986.

A breakdown by applicant is set forth below:

<u>APPLICANT</u>	<u>NUMBER OF LICENSES ISSUED</u>	<u>FEEES PAID</u>
New York City OTB	35	\$ 17,500
Nassau OTB	6	3,000
Suffolk OTB	10	5,000
Catskill OTB	15	7,500
Capital OTB	32	16,000
Western OTB	24	12,000
New York Racing Association	1	500
Finger Lakes Race Track	1	500
Buffalo Raceway	1	500
Yonkers Raceway	1	500
<u>Saratoga Raceway</u>	<u>1</u>	<u>500</u>
TOTAL (July 1 - December 31, 1986):	127	\$ 63,500

Thirty-five simulcast facility licenses had also been issued during the first half of 1986, for the prior licensing year, generating \$17,500 in fees.

Therefore, during calendar year 1986, a total of 162 simulcast facility licenses were issued and fees totalling \$81,000 were received by the Board and

paid to New York State's general fund, pursuant to Section 1003 of the Racing, Pari-Mutuel Wagering and Breeding Law.

#### STATUTORY AMENDMENTS - 1985

Legislation (Chapters 286 and 287, Laws of 1985) enacted in July 1985 amended the Racing, Pari-Mutuel Wagering and Breeding Law and empowered the Racing and Wagering Board to prescribe rules and regulations to govern certain activities authorized by the July 1985 amendments. These included courier betting, licensing of all participants in simulcasting and suspension of the OTB surcharge on certain telephone betting accounts.

The Board was empowered to prescribe rules to govern the conduct of employees at tracks or OTB facilities who provide the courier betting service within the designated location. Courier betting has not yet been requested at any on or off-track wagering facility. However, the Board has adopted rules to govern such activity in the event that an authorized entity so requests.

In its 1984 Simulcast Report, the Board recommended that it be authorized to license any person, association or corporation participating in simulcasting including those who create, distribute, transmit or display simulcast signals. The Legislature and the Governor accepted that recommendation. The Board continues the process of drafting rules and regulations to govern this procedure, including defining those persons, associations or corporations who must be licensed under the provisions of Section 1003(5) of the law.

The Legislature added an entirely new Section 1012 to Article X. It authorizes a regional off-track betting corporation to suspend the collection of the surcharge imposed under Section 532 on winning wagers placed on OTB telephone accounts with a minimum balance not less than \$500 at the time of the wager. The consent of the track on which such telephone wager is accepted is required. In 1985, no OTB corporation applied to exercise this power. Several corporations utilized this provision during 1986. Each corporation and track entered into a contractual agreement to obtain the track's consent. The contracts provided that the surcharge would be suspended on telephone accounts with a minimum balance of not less than \$1,000 at the time of the wager.

The Board also rendered reports related to this subject on January 31, 1987 to the Director of the Budget, Chairman of the Senate Finance Committee and Chairman of the Assembly Ways and Means Committee. The 1985 law required the Board to report on how the state's seven harness race tracks and the Finger Lakes Racing Association utilized the tax credits and other benefits authorized by the 1985 amendments. This detailed report also set forth the Board's findings and recommendations in accordance with the statutory mandate.

#### STATUTORY AMENDMENTS - 1986

The legislation governing simulcasting remained relatively constant during 1986. Chapter 872 of the Laws of 1986 (effective August 26, 1986) increased

the number of OTB branches which receive the live audio call of NYRA races. Substantial changes which may affect 1987 simulcasting were enacted on December 30, 1986 in Chapter 919 of the Laws of 1986. This legislation permits all OTB regions to accept wagers on the "Breeders Cup" races as a single out-of-state special event, allows the state's tracks to also accept wagers thereon, authorizes up to three OTB simulcast branches per region to sell liquor on premises and limits the requirement of track consent to simulcast theaters within a 40 mile radius of the track.

#### CONSULTATION PROCESS: 1986 SIMULCAST REPORT

In the course of reviewing 1986 simulcasting, the Board undertook a series of informal meetings and discussions with concerned members of the industry. It maintained a dialogue with representatives of the tracks, OTB corporations, horsemen's groups and staff members of the Legislature.

Each group was given the opportunity to present its views and opinions with respect to the effect of the statute, the problems encountered in implementing the statute and its recommendations for legislative action. As would be expected, the groups' representatives were forceful advocates of their respective interests and policy positions. The details of the problems encountered by each of the respective entities are further discussed within the context of the descriptive narratives for each OTB corporation and track.

In addition, the Chairman of the Racing and Wagering Board met with the Assembly's Committee on Racing and Wagering on March 10, 1987. During that



session, he stated the Board's position that while a few technical problems that have impeded the success of the experiment have been identified, the principal problem was the lack of cooperation between certain segments of the industry.

On March 18, 1987, the Chairman of the Racing and Wagering Board testified before a Joint Legislative Hearing of the Senate's Environmental Conservation Committee and the Assembly's Racing and Wagering Committee with respect to the continuation of the 1985 tax relief program for New York's harness tracks and Finger Lakes Race Track. In his testimony, he affirmed the Board's position that the tax relief program helped the respective tracks maintain a positive economic position. In addition, he praised the Governor and the Legislature for utilizing innovative, effective means to promote the overall well-being of the entire industry while offering direct help to those who demonstrated need.

Finally, as a consequence of Board Recommendation #1 contained in the 1985 Simulcast Report, the Legislative Commission on Science and Technology (at the request of the Assembly Racing and Wagering Committee) undertook a study of the methodology presently employed within the industry to transmit various types of information between each of the respective entities. In the course of their study, personnel from the Commission and the Board met jointly with representatives of each thoroughbred and harness track in the state, the six regional off-track betting corporations, as well as tote companies, simulcast vendors and other technical service providers. The Board awaits the Final Report of the Legislative Commission on Science and

Technology which will assess the current state of the technology and offer options for improvement. The final report should be completed in the immediate future.

The aforementioned items are addressed in greater detail within the body of this report.

SIMULCASTING OPERATIONS BY OFF-TRACK BETTING CORPORATIONS  
AND RACETRACKS DURING 1986

During 1986 regular track to track simulcasting was continued by Finger Lakes Race Track and Saratoga Raceway on NYRA races, as well as Aqueduct's simulcasting of the Saratoga 24-day meeting. Yonkers Raceway, having contracted for necessary consents of the New York City and Catskill Regional Off-Track Betting Corporations, in conjunction with simulcasting its own races to them, began simulcasting of NYRA races on March 24, 1986. (The opening date was delayed until the track and its horsemen reached agreement on the horsemen's purse share.)

Thereafter, Buffalo Raceway, which had ceased simulcasting NYRA races early in 1985, did simulcast these races for nine days during the Erie County Fair when the track was not conducting harness racing.

During 1986 simulcasting of in-state races by all off-track betting corporations continued, but on an expanded basis, on races from NYRA, Yonkers and Roosevelt Raceways. Capital District Regional OTB continued to simulcast Saratoga Raceway races and Finger Lakes races on NYRA dark days.

Nineteen eighty-six saw several new developments. When a strike by mutuel clerks at Roosevelt Raceway closed that track during the first week of January, arrangements were quickly made to open Monticello Raceway and simulcast its races from January 3 through January 6 instead. Off-track betting on Monticello races during the period jumped from an average \$112,000 per day to \$590,000 per day.

During the early Yonkers and Roosevelt Raceways meetings, both tracks limited their simulcasting to off-track betting corporations until firm agreements on compensation were reached. As a result there was no simulcasting of Roosevelt Raceway to Nassau OTB during 1986, or to Suffolk OTB until August 1986. Yonkers denied the signal to New York City OTB from January 22 until March 1, to Suffolk OTB from January 22 to February 3 and to Catskill OTB from January 7 to March 7.

On April 12, 1986, New York City Off-Track Betting Corporation opened its first simulcast theater. For the rest of the year the theater, primarily offered simulcasts of NYRA races in the afternoon and Roosevelt/Yonkers races at night. The total handle was \$26.4 million for a daily average of close to \$100,000. (The state's first simulcast theater in Albany operated for the full year and averaged \$71,000 in handle per day.)

Also in April, Finger Lakes began a full season of daily simulcasting to the Western and Capital regions. For the year, combined on-track and off-track betting on Finger Lakes races increased \$24 million to \$124 million, an increase of almost 25%.

On May 17, the state's third simulcast theater was opened in Suffolk County. Through December 31, \$11 million was wagered there for a daily average of \$49,889.

In July, the downstate off-track betting regions began interfacing their "dark day" pools at Finger Lakes and were able to offer the same betting pools available on track. This, coupled with increased simulcasting, resulted

in substantial increased betting.

In September, the new quarterhorse racetrack at Suffolk Meadows began simulcasting its races to the Nassau, Capital and Western OTB regions. For the 18 days the total off-track handle was \$1.5 million, averaging \$82,000 per day.

Finally, during November and December, Batavia Downs and Buffalo Raceway inaugurated simulcasting to OTB branches in the Western and Capital regions. For this period simulcast handle totalled \$5.5 million, increasing daily off-track betting by an estimated \$50,000 (31%) from \$160,000 to \$210,000.

Also during the year NYRA simulcast some of its featured races to 35 out-of-state tracks which handled \$24.7 million on those races and paid NYRA \$1.8 million. Roosevelt and Yonkers Raceways simulcast a few races to 5 tracks in other states yielding nominal results.

#### WESTERN REGIONAL OFF-TRACK BETTING CORPORATION

The Western Regional Off-Track Betting Corporation, located in western New York State, is comprised of eighteen counties, fifteen of which handle off-track betting. The two major cities in the Western OTB area are Buffalo and Rochester. Western had 51 branches operating during 1986.

Western OTB conducted 111 simulcast operations during 1986, involving simulcasts at 30 branches from NYRA, Finger Lakes Race Track, Buffalo Raceway, Batavia Downs and Suffolk Meadows Race Track. It also displayed

the signal from Yonkers and Roosevelt on a limited scale. However, due to the high cost associated with the reception of the harness signal, and the limited amount of handle generated, the downstate harness simulcast program was dropped.

Within its region, Western OTB contains a thoroughbred track, Finger Lakes Race Track, and two harness tracks, Buffalo Raceway and Batavia Downs. Western undertook a much more aggressive approach to simulcasting in the early months of 1986, which was primarily due to two major changes:

- 1) the 1985 amendments to the original enabling legislation for simulcasting, and
- 2) the change in attitude of the management of the regional race tracks about the benefits of simulcasting their races.

In 1986, Western OTB handled \$120.2 million on thoroughbred races, \$47 million on harness races and \$511,000 on quarter horse races for a total of \$167.7 million. This total amount accounts for 9.6% of all the New York State off-track betting handle in 1986. Western OTB ranks third in the state in terms of total betting handle. Western OTB had a 17% increase in handle in 1986, which resulted primarily from the corporation's extensive expansion in simulcasting. At year end, Western was receiving simulcasting in 58% of its 51 branches. Of the total handle in 1986, \$53.8 million or 32.1% was simulcast handle.

For the simulcast signal from Finger Lakes Race Track, Batavia Downs, Yonkers and Roosevelt Raceways and Suffolk Meadows Race Track, Western

OTB paid a total of \$237,564 to simulcast vendors. The cost of the simulcast signal from the NYRA tracks and Buffalo Raceway was included in the commissions paid to the tracks by Western OTB.

Western OTB's 1986 handle for NYRA was \$72.8 million. Simulcast locations, of which 30 were operational for varying numbers of days during the year, accounted for \$25.8 million or 35.4% of the total NYRA sales. The daily average handle for the simulcast locations was \$6,857 per branch.

Western's 1986 handle for Finger Lakes Race Track was \$42.3 million. Simulcast locations, of which 23 were operational for varying numbers of days during the year, accounted for \$20.6 million or 48.7% of the total Finger Lakes sales. The daily average handle for the simulcast locations was \$7,349 per branch.

Western OTB's 1986 handle for Buffalo Raceway was \$20.5 million. Simulcast locations, of which 21 were operational for varying numbers of days during the year, accounted for \$2.9 million or 14.4% of the total Buffalo Raceway sales. The daily average handle for the simulcast locations was \$6,776 per branch.

Western's 1986 handle for Batavia Downs was \$23.5 million. Simulcast locations, of which 17 were operational for varying numbers of days during the year, accounted for \$3.5 million or 15.2% of the total Batavia Downs sales. The daily average handle for the simulcast locations was \$7,853 per branch.

Western OTB's 1986 handle for Yonkers Raceway was \$958,000. Two simulcast locations were operational and accounted for \$337,000 or 35.2% of the

total Yonkers sales. The daily average handle for the simulcast locations was \$2,636 per branch.

Western's 1986 handle for Roosevelt Raceway was \$523,000. Two simulcast locations were operational and accounted for \$102,000 or 19.7% of the total Roosevelt sales. The daily average handle of the simulcast locations was \$3,961 per branch.

Sixteen branches simulcast races from Suffolk Meadows, a quarter horse track. This period of simulcasting lasted only 18 days, between September 18, 1986 and October 18, 1986. The simulcast handle for Suffolk Meadows was \$454,000. The daily average handle was \$1,958 per branch.

Western OTB paid NYRA \$1.8 million in statutory payments and \$273,000 as contractual simulcasting payments. Finger Lakes was paid \$2.4 million in statutory payments. Buffalo Raceway was paid \$1.9 million in statutory payments and \$41,000 for contractual simulcasting payments. Batavia Downs was paid \$2.5 million in statutory payments. Roosevelt was paid \$12,000 in statutory payments and \$3,000 as contractual simulcasting payments. Yonkers was paid \$23,000 in statutory payments and \$2,714 as contractual simulcasting payments. Suffolk Meadows was paid \$21,000 in statutory payments.

During 1986, Western OTB vigorously pursued the acquisition of its branches through a combination of purchasing existing facilities or constructing new facilities. Acquisition rather than renting facilities has resulted in lower operating costs for Western OTB and added a greater degree



of stability in branch operations. At the present time, Western OTB has acquired seven branch locations at a cost of \$1.5 million.

It is anticipated that Western OTB's acquisition program will continue in 1987, when purchase, rather than lease opportunities are beneficial to the corporation.

At its October 23, 1986 meeting, the Board of Directors of Western OTB adopted a resolution providing for the establishment of simulcast theaters in the cities of Buffalo and Rochester. The City of Buffalo has submitted to Western OTB a preliminary proposal for the location of a simulcast theater in the downtown area. It is anticipated that the City of Rochester will also present a simulcast theater proposal to the corporation in the near future.

#### CAPITAL DISTRICT REGIONAL OFF-TRACK BETTING CORPORATION

Capital District Regional Off-Track Betting Corporation is located in the northeastern portion of New York State. The major cities located within Capital OTB are Albany, Schenectady, Troy and Utica. The region is comprised of twenty counties. Fourteen counties, as well as the City of Schenectady, participate in off-track betting. Capital OTB had 52 branches and one simulcast theater operating during 1986. Capital OTB conducted 108 simulcast operations. Thirty one branches and one simulcast theater simulcast races from the New York Racing Association, two of these branches and the simulcast theater simulcast races from Saratoga Harness, 31 branches and the simulcast theater simulcast races from Finger Lakes, seven branches and the

simulcast theater simulcast races from Yonkers and Roosevelt Raceways, 7 branches and the simulcast theater displayed races from Batavia Downs and 7 branches and the simulcast theater displayed races from Buffalo Raceway. Eight branches and one simulcast theater simulcast races from Suffolk Meadows, a quarter horse track, for a period of 18 days during September and October 1986.

Within its region, Capital OTB contains one thoroughbred track, Saratoga, a New York Racing Association track, which operates only during the month of August. It also contains two harness tracks, Saratoga Raceway and Vernon Downs.

In 1986, Capital OTB continued to operate the first simulcast theater in New York State. This simulcast theater displayed races from NYRA, Finger Lakes, Saratoga Harness, Suffolk Meadows, Buffalo, Batavia, Yonkers and Roosevelt Raceways. By offering simulcasting in this simulcast theater, a bettor was able to view track odds, bet by number instead of by letter and receive track payoff prices free of the OTB surcharge. This theater accomodates 580 customers, has all the amenities of a racetrack and serves food and alcoholic beverages.

In 1986, Capital OTB handled \$154.4 million on thoroughbred races, \$38.6 million on harness races, and \$461,000 on quarterhorse races for a total handle of \$193.4 million. Capital OTB ranks second in the state in terms of total betting handle.

Capital OTB's 1986 handle for the New York Racing Association (NYRA) was \$128.9 million, an increase of \$20.8 million or 19.2%. Simulcast locations

accounted for \$82.9 million of the \$128.9 million in total NYRA sales. The daily average handle for these simulcast locations was \$9,380 per branch. Capital OTB paid NYRA \$3.5 million in statutory payments in 1986 and an additional \$835,000 for simulcast contractual payments.

Capital OTB's 1986 handle for Saratoga Raceway was \$15.8 million, an increase of \$2.3 million or 17.2% over 1985. Simulcast locations accounted for \$9 million of the \$15.8 million in total Saratoga sales. The daily average handle for these simulcast locations was \$17,140 per branch. Capital OTB paid Saratoga Harness \$4 million in statutory payments in 1986 and an additional \$81,000 for simulcasting.

Capital District's 1986 handle for Finger Lakes was \$19.5 million, an increase of \$8 million or 69.9%. Simulcast locations accounted for \$14 million of the total Finger Lakes sales. The daily average handle for these simulcast locations was \$2,954 per branch. Capital OTB paid Finger Lakes \$690,000 in statutory payments, and there were no simulcast contractual payments.

Capital OTB's 1986 handle for Yonkers and Roosevelt was \$14.2 million, an increase of \$4.4 million or 45.4%. Simulcast locations accounted for \$10.2 million of the \$14.2 million in total Yonkers and Roosevelt sales. The daily average handle for these simulcast locations was \$7,957 per branch.

Capital OTB paid Yonkers and Roosevelt Raceways \$321,000 in statutory payments in 1986 and they have not reached an agreement for simulcast contractual payments.

Capital OTB's 1986 handle for Batavia and Buffalo Raceways was \$2.8 million, an increase of \$11,780 or .43%. Simulcast locations accounted for \$923,000 of the \$2.8 million in total Batavia and Buffalo sales. The daily average handle for these simulcast locations was \$2,480 per branch.

Capital OTB paid Buffalo Raceway \$13,200 in simulcast contractual payments and \$41,508 in statutory payments. Capital OTB paid Batavia Downs \$34,230 in statutory payments and there were no simulcast contractual payments.

Capital OTB's 1986 handle for Suffolk Meadows was \$461,000. Simulcast locations accounted for \$314,000 of the total Suffolk Meadows sales. The daily average handle for these simulcast locations was \$1,936 per branch. Capital OTB paid Suffolk Meadows \$18,110 in statutory payments and there were no simulcast contractual payments.

#### Concept of a Teleplex Racing Center - 1987 Update

The Teleplex Racing Center consists of a single building and contains two OTB facilities. The first facility, known as a telebranch, seats 270 people, offers food and non-alcoholic beverages and has no dress code. The other facility, a simulcast theater, became fully operational on February 12, 1986.

Certain distinctions should be noted:

- 1) The telebranch does not charge an admission fee and winning wagers are subject to the 5% OTB surcharge.
- 2) The simulcast theater has an admission charge of \$3.00 per

person and winning wagers are not subject to the OTB surcharge. This entertainment center includes food, alcoholic beverages, sports information, special sporting events, and assorted patron amenities. A dress code has been established. During 1986, concession sales averaged over \$2,700 a day.

The Teleplex Racing Center has a daily average handle of \$114,300, consisting of \$70,500 a day in wagers in the simulcast theater portion and \$43,800 a day in the telebranch portion. Capital OTB estimates that approximately 25% of its total corporate-wide handle results from wagers placed at this unique facility.

This exciting concept has shown that OTB, by improving its method of operation and increasing services to the public can attract substantial additional business. Capital OTB expended approximately \$3 million for simulcast related equipment and renovations. Capital OTB has also incurred sizeable increases in contractual simulcast payments (totaling \$1.1 million in 1986) and on-going operating expenses to implement and carry on simulcasting.

#### ENHANCED TELEBRANCH UPDATE

In 1986, Capital OTB purchased its first building located in Schenectady, New York for the purpose of housing an enhanced telebranch. This enhanced telebranch, known as the Imperial Racing Center, had a purchase price of \$245,000 with renovation and equipment costs totaling approximately \$1 million. A central feature of this project was the ancillary benefits which accrued to

the redevelopment of the downtown Schenectady area. This building is centrally located and can be viewed as an anchor for redevelopment of the downtown business district.

Within this facility, patron services have been distinctly allocated in a manner which complements each area. For example, the ground floor offers only wagering services with comfortable simulcast viewing areas. The second floor offers two distinct styles of food service and additional viewing areas. While one portion of the second floor offers table service, the opposite side provides deli food service and a bar area. The third floor offers an additional table service area and also provides for administrative office space.

In the City of Troy, Capital is renovating a 9,000 square foot section of the Uncle Sam Atrium. Completion costs for this facility are expected to reach \$500,000. In Charlestown, Herkimer County, Capital OTB is currently operating a facility that incorporates a restaurant and simulcast betting area. Purchase price of the restaurant portion was \$43,000 and renovation totaled \$11,000. In both facilities, customer services include table service, a bar, and a comfortable simulcast viewing area.

#### CATSKILL REGIONAL OFF-TRACK BETTING CORPORATION

Catskill Regional Off-Track Betting Corporation, located in southeastern New York State is comprised of 13 counties, eight of which handle off-track betting. The Catskill OTB region extends as far west as Elmira, north to

Kingston, east to Pawling and south to Rockland. Catskill OTB had 31 branches operating during 1986 and conducted 60 simulcast operations.

Catskill operated 15 simulcast branches in 1986, televising the New York Racing Association (NYRA) races six days a week and Finger Lakes on NYRA dark days. Yonkers and Roosevelt Raceways were televised during the evening hours.

The race tracks located in the Catskill Region are Monticello and Yonkers Raceways, both of which are located in non-participating counties.

For the purposes of wagering, the law provides that Catskill OTB is joined with Nassau, Suffolk, and New York City OTB in a common region. Therefore, Catskill is permitted to handle betting on NYRA (Aqueduct, Belmont, Saratoga), Roosevelt, Yonkers, and Monticello. The simulcast statute includes a provision giving such regional tracks a veto over the simulcasting of races to any off-track betting branch within 31 miles of its location. In 1986, Monticello continued to effectively block Catskill OTB from receiving simulcasts of harness races at one branch on days that Monticello is running. Monticello refused to simulcast any of its own races into any of the Catskill OTB branches.

In 1986, Catskill OTB's handle was \$82 million on thoroughbred races and \$35.5 million on harness races for a total of \$117.5 million. This total amount accounts for 6.7% of all the New York State off-track betting handle in 1986. Catskill OTB ranks sixth in the state in terms of total betting handle.

The simulcasting of NYRA races into 15 branches reflected a handle of \$52.9 million with a daily average of \$11,198 per branch. Harness simulcasting into 15 branches reflected a handle of \$24.8 million with a daily average of \$6,906 per branch. Finger Lakes Race Track simulcasting in 15 branches handled \$2.8 million with a daily average handle of \$1,546 per branch.

Catskill OTB incurred a total of \$1.3 million in simulcasting expenses. These expenses include wages, additional computer costs, payments to simulcast vendors, simulcasting contractual payments as well as administrative and promotional costs.

In response to the 1985 amendments to the statute, Catskill added restroom facilities and vending machines for food and non-alcoholic beverages in some simulcast branches after receiving approval from the Racing and Wagering Board. The installation of vending machines in four simulcast locations reflected an average of \$1,017 in monthly commissions for Catskill OTB.

Catskill OTB plans to expand the vending machines into other branches and looks upon them as a convenience for the customers. The minimal profits generally offset the cost of maintenance, utilities and space required for this service. Thus far, handle in these branches appears to be neither enhanced, nor adversely affected by vending machines. Customers remain in the branches between races where previously they left for snacks or beverages. No new customers have been brought into the branches based on this service.



Special demonstration projects for simulcasting into privately owned hotels in Sullivan and Ulster counties have not been implemented. These projects would be for the exclusive use of registered guests at participating hotels.

During 1986, Catskill OTB purchased its first property for a simulcast branch in Pawling, New York. Prior to this purchase, all branches had been leased. This decision resulted in an intense public dispute between the Town of Pawling and Catskill OTB regarding the siting of this facility. The Pawling site consists of a 2½ acre parcel with an approximately 5,000 square foot building which was purchased for \$450,000. Based on a study conducted in the Pawling area, the cost to rent a comparable facility would amount to \$40,000 per year; expenses for alteration, regardless of ownership, would be between \$300,000 and \$350,000. Real estate taxes would be approximately \$2,500 per year. It would appear that the decision to purchase this parcel will result in a long term financial gain for Catskill OTB.

#### SUFFOLK REGIONAL OFF-TRACK BETTING CORPORATION

Suffolk Regional Off-Track Betting Corporation, located in Suffolk County, had 23 branches operating in January 1986. They closed one branch during the year, and replaced it with a simulcast theater, and ended the year with the same number of facilities. Suffolk OTB conducted 35 simulcast operations. Nine branches and the simulcast theater televised races from the New York Racing Association (NYRA) and eight of these and the simulcast theater displayed races from Yonkers and Roosevelt. The ten NYRA simulcast

facilities also televised Finger Lakes on 22 NYRA dark days from July 1 through November 25, 1986. Monticello races were simulcast into six branches for four days in January 1986, during the clerks' strike at Roosevelt Raceway. The regional tracks handled by Suffolk OTB are those of NYRA (Aqueduct, Belmont and Saratoga) for thoroughbred and Roosevelt, Yonkers and Monticello Raceways for harness racing. Starting in August 1986, the corporation also offered wagering on quarterhorse races from Suffolk Meadows Race Track.

In 1986, Suffolk handled \$120.4 million on thoroughbred races and \$46.7 million on harness races, plus \$87,000 on quarterhorse races for a total of \$167.1 million, an increase of \$26.4 million or 18.7% over 1985. This total amount accounts for 9.5% of all the New York State off-track betting handle in 1986. Suffolk OTB ranks fourth in the state in terms of total betting handle.

The simulcasting of NYRA races into ten Suffolk OTB facilities, including one simulcast theater, accounted for \$66.9 million or 58.6% of the NYRA handle at Suffolk OTB. The daily average handle for the simulcast locations was \$22,299 per branch. The additional payment to NYRA for simulcasting is based on a different formula than reported in the 1985 report. The new contract, which runs through 1988, does not allow for growth or cannibalization, and guarantees NYRA approximately 6.5% of simulcast handle, including statutory track commissions. Under the terms of this agreement, Suffolk OTB paid \$981,000 to NYRA.

Harness simulcasting in Suffolk was plagued by labor problems and contractual disputes during 1986. It began with a strike by the mutuel clerks

which closed Roosevelt Raceway in January. In an effort to offer wagering to harness fans, Suffolk OTB televised four nights of Monticello racing into eight branches from January 3 through January 6. This generated a daily average handle of \$6,990 in the eight branches. Following the end of simulcasting, Monticello handle at Suffolk averaged \$136,000 per month from February through December.

Harness racing moved to Yonkers on January 7, and simulcasting resumed in Suffolk branches. However, on January 22, Yonkers cut off simulcasting, and it remained off until February 4, when a new agreement was reached.

As of March 24, Roosevelt refused to simulcast its races into Suffolk branches, but they remained open for the purpose of wagering. It was discovered that the audio signal was being broadcast into all simulcast branches, and that some of these branches were showing the visual signal, which was scrambled but occasionally discernible. Following an intensive investigation by the Board's staff into this matter, a stipulation of settlement was entered into by both Suffolk and Nassau OTB's. This stipulation imposed a \$10,000 penalty on each OTB corporation. There was no agreement reached between Suffolk and Roosevelt Raceway for the Spring meet, and simulcasting did not resume until racing returned to Yonkers on June 17. Suffolk OTB and Roosevelt Raceway subsequently reached an agreement, and racing from Roosevelt and Yonkers was shown in eight branches and its simulcast theater.

During 1986, \$34.4 million or 77.1% of Yonkers and Roosevelt Raceways' handle was wagered at simulcast branches. This resulted in a daily average

handle of \$11,393 per branch. However, because of the lack of an agreement with Roosevelt for simulcasting, only \$29.3 million of this was considered simulcast handle. Thus the daily average handle for simulcasting was \$12,018 per branch. Daily average handle at the non-simulcast branches was \$2,228 per branch. The contractual dispute with Roosevelt Raceway, adversely affected Roosevelt's handle at Suffolk OTB.

Suffolk paid \$116,000 to Yonkers and \$45,000 to Roosevelt in simulcasting contractual payments.

Finger Lakes racing was simulcast into nine branches and the simulcast theater commencing on July 1, 1986 through November 25, 1986 on NYRA dark days. This generated handle of \$740,000 or a daily average of \$3,363 per branch. Finger Lakes handle at Suffolk OTB was \$1.3 million in 1986, compared to \$644,000 in 1985, an increase of 105%. There were no simulcast contractual payments to Finger Lakes.

Suffolk paid \$216,000 to a simulcast vendor for the harness signal in 1986. They also paid the vendor \$11,000 per year for replaying the prior day's NYRA races in the simulcast branches and \$22,000 for the Finger Lakes signal.

#### SUFFOLK OTB'S TEL-A-RACE CONCEPT

The major development in simulcasting for Suffolk OTB was the opening of a simulcast theater, "Tel-A-Race" on May 17, 1986. This facility, located in Hauppauge, is approximately 7,000 square feet. It contains a small restaurant

and bar, a theater, a small lounge, and a larger betting area. The theater can accommodate 300 people and is tastefully appointed.

Tel-A-Race generated \$11 million in handle for the 213 days it was open during 1986 or \$51,000 per day. Because of the Roosevelt dispute, there was no harness wagering during May, and handle was \$28,000 per day. In December, with harness racing from Yonkers, the daily average was \$70,000, \$42,000 at NYRA and \$28,000 at Yonkers.

Tel-A-Race opened with limited food service and no liquor. Suffolk OTB assumed it would take about a month for everything to be ready. However, there were different interpretations of law relative to a liquor license in a wagering facility and the concessionaire did not receive a liquor license until February 1987. On February 27, 1987, Tel-A-Race finally opened a full service restaurant and bar. It is anticipated that attendance and handle will increase with these added features, and Suffolk OTB is seeking permission from the Town of Smithtown to enlarge the facility.

Suffolk paid an admission tax on an average of 174 people per day for the period May 17 to December 31. The contractual amounts paid to NYRA and the harness tracks, as noted previously, included \$114,000 to NYRA and \$11,000 to Roosevelt and Yonkers for this facility.

Suffolk OTB expended approximately \$290,000 to establish this new facility. This figure represents the initial costs incurred to design and equip a simulcast theater.

The corporation hopes to open a combined telebranch and simulcast theater in West Islip during 1987. They are presently negotiating a lease for a 17,000 square foot area in an existing shopping center. This facility will be similar to the Teleplex Racing Center in Albany in that it will provide customers with a choice of a free simulcast branch or an admission charge at a better appointed facility. If this comes to fruition, Suffolk OTB intends to close three or four nearby branches. Currently, they are upgrading existing branches with the addition of restrooms and other amenities. These additions have helped to make Suffolk OTB better neighbors in many locations.

#### NASSAU REGIONAL OFF-TRACK BETTING CORPORATION

Nassau Regional Off-Track Betting Corporation consists of one county, Nassau on Long Island. Nassau OTB had 21 branches operating at the beginning of 1986 and ended the year with 20 branches. Nassau OTB conducted 25 simulcast operations in 1986. Six branches televised thoroughbred races from the New York Racing Association (NYRA). These six branches displayed Finger Lakes Race Track on NYRA dark days from, April to November. Four of the six branches that televised thoroughbred races also televised harness races from Yonkers Raceway. With the advent of quarterhorse races again in New York State, the six branches that displayed NYRA races simulcast quarterhorse races from Suffolk Meadows Race Track. Three simulcast branches televised harness races from Monticello Raceway briefly in early January.

Two tracks, NYRA's Belmont Park and Roosevelt Raceway are located in Nassau County. Within its region, Nassau OTB handles wagers on the three New York Racing Association thoroughbred tracks (Belmont, Aqueduct, Saratoga), three harness tracks (Roosevelt, Yonkers, Monticello) and a quarterhorse track (Suffolk Meadows). Because of the statutory track consent requirements, Nassau OTB has been greatly limited in obtaining agreements for simulcasting due to the proximity of their branches to the tracks. It should be noted that Roosevelt Raceway (harness) was not part of Nassau OTB's simulcast handle for 1986.

In 1986, Nassau OTB handled \$128.6 million on thoroughbred races, \$36.4 million on harness races and \$277,000 on quarterhorse races for a total of \$165.3 million. This total amount accounts for 9.4% of all the New York State OTB handle in 1986. Nassau OTB ranks fifth in the State in terms of total betting handle. Over the past two years, Nassau declined in position from second to fifth in terms of total statewide betting handle. Nassau OTB's 1986 total handle increased by \$10 million over 1985.

The simulcasting of NYRA races into the six Nassau OTB simulcast branches showed a 1986 total handle of \$44.6 million for a daily average of \$25,000 per branch. This accounted for 36.9% of corporate NYRA handle. The simulcasting of Finger Lakes races into six Nassau OTB branches showed a 1986 total handle of \$603,000 for a daily average of \$3,157 per branch. The simulcasting of harness races from Yonkers into four branches showed a 1986 total handle of \$4.5 million for a daily average of \$17,463 per branch. The

simulcasting of quarterhorse races from Suffolk Meadows showed a 1986 total handle of \$231,000 for a daily average of \$2,137 per branch. The simulcasting of harness races from Monticello into three branches showed a 1986 total handle of \$117,000 for a daily average of \$9,749 per branch.

Nassau OTB's contract with NYRA obligated them to pay NYRA 1.5% of net handle above Nassau OTB's effective average statutory rate, (as defined by contract), but not more than 6.5% of the statutory rate at all of its simulcast branches. NYRA has calculated that the effective statutory rate is 5.048% with no growth factor included. Based on this contract, Nassau OTB paid NYRA \$623,000 in contractual simulcasting payments for the six branches.

Nassau OTB's contract with Yonkers Raceway was calculated on an ascending scale. Compensation was based upon a minimum payment of \$300 a day with an additional .5% above the statutory rate for all wagers placed after 7 p.m. up to \$90,000 a day. The percentage increases as the handle increases. As a result of this agreement, Nassau OTB paid Yonkers Raceway \$17,000 in contractual simulcasting payments for their four branches.

Nassau OTB's contracts with Monticello Raceway, Suffolk Meadows Race Track and Finger Lakes Race Track called for no contractual simulcasting payments.

Nassau OTB's simulcast vendors were paid a total of \$87,000 in 1986.

Nassau considers that in 1986 simulcasting was not a losing proposition.

Nassau OTB's commitment to self automated machines (SAM's) is progressing at a steady pace. The color coded, touch activated, tellerless



betting machines are exclusively used by Nassau OTB in the state. At the close of 1986, 11 OTB branches had approximately 76 of these machines which accounted for 17% of Nassau's total handle. Nassau OTB plans to install 150 SAM's in branches. A new concept has been suggested by corporate management. Nassau OTB would like statutory authorization to install these SAM's in highly visible locations, such as bars, restaurants and country clubs. They believe that this would provide a wider variety of people the opportunity to wager in a relaxed atmosphere.

Simulcast operations at Nassau OTB were limited because of the statutory track consent requirement, the close proximity of Nassau OTB's branches to local tracks, and self serving interests. At times, negotiations became disputes that gave rise to open hostility among the parties that were aired publicly. One consequence of the on-going dispute involved the unauthorized display of the Roosevelt signal at selected Nassau OTB branches. This action resulted in the imposition of a \$10,000 penalty against Nassau OTB by the Board pursuant to a stipulation of settlement. Roosevelt, despite its status as a Nassau OTB regional track, was not simulcast into Nassau branches during any part of 1986.

Nassau OTB did not make any major capital investments or improvements other than the installation of bathroom facilities in some of their simulcast branches. Nassau states that if the tracks would increase the availability of simulcasting to Nassau OTB it would renovate some existing branches and consolidate others in an effort to reduce operating costs.

## NEW YORK CITY OFF-TRACK BETTING CORPORATION

The New York City Off-Track Betting Corporation (NYCOTB), located entirely within the City of New York, is comprised of its five counties. NYCOTB operated 118 branches at the beginning of 1986 and ended the year with 110 branches. One hundred twenty-eight simulcast operations were conducted during 1986. Twenty-two branches televised races from the New York Racing Association (NYRA) at Aqueduct and Belmont. Thirty-two branches handled NYRA's Saratoga races during the month of August. Thirty-one branches televised Finger Lakes on NYRA dark days, July to November, 20 branches displayed races from Yonkers, 31 branches simulcast races from Roosevelt and 14 branches displayed races from Monticello.

NYCOTB is part of the downstate OTB region which also includes the Catskill, Nassau and Suffolk OTB Corporations. The regional tracks handled by NYCOTB are NYRA (Aqueduct, Belmont and Saratoga), Roosevelt, Yonkers and Monticello Raceways.

In 1986, NYCOTB handled \$747.9 million on thoroughbred races and \$197.9 million on harness races for a total of \$945.8 million. This total accounts for 53.8% of the money wagered off-track in the state. NYCOTB ranks first in the state in terms of total betting handle.

The total 1986 simulcast handle for New York City OTB was \$295.4 million which is 31.2% of total corporate handle.

The simulcasting of NYRA races into 22 NYCOTB branches (plus 10 more during the four week Saratoga meet) showed a 1986 total simulcast handle of

\$192.1 million for a daily average handle of \$33,549 per branch. The simulcasting of Finger Lakes races into 31 NYCOTB branches for the 22 days showed a 1986 total simulcast handle of \$2.7 million for a daily average handle of \$4,392 per branch. The simulcasting of harness races from Roosevelt and Yonkers Raceways during the year showed a 1986 total simulcast handle of \$99.9 million. This handle combines the regular evening program and a new innovation, a matinee program on Tuesdays for both tracks. The evening program into 20 branches during the year showed a 1986 total handle of \$95.1 million for a daily average handle of \$20,687 per branch. The intermittent matinee program into 31 branches during the year showed a 1986 total handle of \$4.8 million for a daily average handle of \$7,399 per branch. It should be noted that branches taking simulcast programs may differ on given days.

The simulcasting of harness races from Monticello into 14 branches for four days in early January showed a 1986 total simulcast handle of \$688,000 for a daily average handle of \$14,335 per branch. Monticello was shown because of a strike at Roosevelt Raceway.

1986 simulcasting commenced with the NYRA meet in January 1986. Under the terms of the contract, NYRA received four percent of the daily incremental handle on regular and multiple wagers and six percent of the incremental handle on exotic wagers. Commencing March 19, 1986 through the end of 1986 (and extending through June 1990), a new contract governed NYRA simulcasting. Under this agreement, NYRA will receive simulcasting contractual payments based on a comparison of current handle against a

borough base from calendar year 1984. Payments will be a straight four percent of this daily incremental simulcast net handle. A simulcast theater will pay a six and one half percent payment inclusive of statutory commissions on a daily net handle of NYRA wagers. Based on these contracts, NYCOTB paid NYRA \$1.4 million for 1986 simulcast programs. NYCOTB negotiated a new five year contract with Roosevelt Raceway commencing March 24, 1986 through June 30, 1990. An ascending scale arrangement was used whereby wagers placed after 7 p.m. were calculated on a percentage of a predetermined handle figure. The percentage increases as handle increases. As a result of this arrangement, NYCOTB paid Roosevelt Raceway \$333,000 for 1986 simulcast programs. NYCOTB negotiated a new five year contract with Yonkers Raceway from early 1986 through June 1990. An ascending scale arrangement was agreed upon whereby wagers placed after 7 p.m. were calculated on a percentage of a predetermined handle figure. In no event, shall NYCOTB pay Yonkers less than \$750 for each evening of simulcasting, excluding Sundays. As a result of this agreement, NYCOTB paid Yonkers Raceway \$135,000 for 1986 simulcast programs. NYCOTB paid no simulcasting contractual payments to Monticello for 1986 simulcast programs.

The simulcast vendors for both thoroughbred and harness facilities were paid a total of \$1.4 million in 1986. NYCOTB was satisfied that it did not lose on simulcasting operations. Total corporate handle for 1986 increased by \$74.1 million or eight and one-half percent over 1985 handle. Plans call for continuing consolidation of branches in an effort to reduce operating costs with

no major improvements in branches for simulcasting. Projections are for several more simulcast theater-type facilities as well as enhanced telebranches.

#### NYCOTB'S INSIDE TRACK CONCEPT

The major development in simulcasting at NYCOTB was the opening of a simulcast theater called the "Inside Track" on April 1, 1986. This facility is located at 1015 Second Avenue in the heart of mid-Manhattan. This simulcast theater has seating for approximately 150 people with full restaurant service including alcoholic beverages. Its decor features six betting windows, two large-sized television wall screens and 19 television monitors. The patrons are attracted not merely by the racetrack ambiance, but also by the same winning prices offered by the tracks. The five percent surcharge on winning bets is not applicable at this facility. A five dollar admission fee is charged.

The huge success of the Inside Track has gone beyond all NYCOTB expectations. Present handle is approximately 233% more than originally anticipated. Recently, a total of \$232,288 was wagered in one day to set a new record. The simulcasting of races to the Inside Track from April 1, 1986 through December 31, 1986 generated a total handle of \$26.4 million. The average daily thoroughbred handle was \$78,000 and the average daily harness handle was \$32,000. Per capita wagering was \$583 for thoroughbred and \$505 for harness. Revenue generated from the Inside Track amount to \$1.8 million to the racing industry, \$.4 million to the State of New York and \$1.4 million to New York City.

NYCOTB made a major capital investment in 1986 and opened its second simulcast theater on March 24, 1987. Construction on this new simulcast theater, called "Skyward - The Select Club" at 165 Water Street, in lower Manhattan is complete. This simulcast theater accommodates 350 patrons. Full restaurant service, including alcoholic beverages is available. Track prices are offered without the five percent surcharge on winning bets. This simulcast theater has the ambiance and mystique of old New York in a modern world setting. At its doorstep is the South Street Seaport, Wall Street, Fraunces Tavern, the Fulton Fish Market and the Brooklyn Bridge.

The year 1987 could see New York City Off-Track Betting Corporation's total handle exceed one billion dollars.

#### TRACK TO TRACK SIMULCASTING:

##### NEW YORK RACING ASSOCIATION (NYRA) - SARATOGA TO AQUEDUCT

NYRA's 1986 Saratoga thoroughbred meet covered a 24 day period between July 30 and August 25, 1986. The 1986 total attendance for the simulcast dates at Aqueduct was 150,455 as compared to 1985 total attendance of 158,928. The total simulcast pari-mutuel handle was \$28.1 million as compared to \$31.4 million in 1985. During this period, average attendance was 6,269 per day (6,622 in 1985) and average daily handle was \$1.2 million, resulting in a \$187 average per capita betting handle as compared to \$197 in 1985.

During this period, Saratoga Race Track's on-track pari-mutuel handle was \$76 million a decrease of \$179,000 over the corresponding period in 1985,

while the total on-track attendance increased 14,054 resulting in a daily average of \$3.2 million and 29,346 respectively.

NYRA retained \$4.2 million from this track to track simulcasting and \$261,000 from admissions, concessions and newstand sales. The State of New York received \$768,000 as compared to \$860,000 in 1985. The Thoroughbred Breeding and Development Fund received \$140,000 compared to \$157,000 in 1985. NYRA's horsemen received (as accrued purse obligations) \$1.4 million compared to \$1.3 million in 1985. Since simulcasting was from one facility of this franchised racing association to another of its track facilities, no contractual agreements were required.

In 1986, NYRA's "profit" from simulcasting from Saratoga to Aqueduct was \$2 million. In 1985, a statutory amendment directed that simulcast "profits" be retained by NYRA rather than the New York State Thoroughbred Racing Capital Investment Fund. As a result, the simulcast "profit", \$2 million is included in any other "profit" NYRA made during 1986 and is thereby subject to the State's special franchise tax on NYRA.

#### TRACK TO TRACK SIMULCASTING: NYRA TO BUFFALO RACEWAY

From August 8, through August 17, 1986, Buffalo Raceway during the Erie County Fair, conducted nine days of simulcasting on thoroughbred races from Saratoga Race Track. During this period, no record was kept of attendance due to the Erie County Fair, but the total handle was \$127,000. The average daily simulcasting handle was \$14,129. Buffalo Raceway retained

\$11,356 from simulcast wagering. New York State received \$2,455 in pari-mutuel tax revenue, the Thoroughbred Breeding and Development Fund, \$636 and the New York Racing Association, \$9,308. The track had an agreement with its horsemen's association to share one percent of the gross handle from simulcasting with its horsemen for purses, when there was no on-track harness racing. The horsemen received \$1,272. Buffalo also paid Batavia Downs the sum of \$1,272 pursuant to a consent agreement between the parties, for Batavia's permitting Buffalo to simulcast while Batavia Downs was conducting its own meet.

#### TRACK TO TRACK SIMULCASTING: NYRA TO FINGER LAKES RACE TRACK

Finger Lakes conducted simulcasting on NYRA races on 114 days during the periods January 1 through April 7 and November 21 through December 31, 1986. Finger Lakes Race Track had an agreement with its horsemen's association in 1986 to pay their purse account three-quarter's of one percent from simulcasting. In addition, simulcasting was barred for 15 days prior to the commencement of the racing season and during the race meeting only graded stakes and special events were permitted. Finger Lakes horsemen received (as accrued purse obligations) \$68,920 compared to \$56,986 in 1985.

As a result, the 1986 simulcasting attendance was 52,566 (114 days) compared to 60,472 (194 days) in 1985. Wagering handle was \$9.2 million as compared to \$9.8 million in 1985. Average attendance was 461 per day (16.4%



increase) and the average handle was \$80,609 (58.5% increase). Per capita betting rose to \$175 from \$162 in 1985.

From simulcast handle, Finger Lakes retained \$928,503 and earned \$69,526 in ancillary income from admissions, concessions, parking, etc. New York State's tax was \$150,838, payments to the Thoroughbred Breeding and Development Fund were \$45,947. The New York Racing Association received \$562,745. Batavia Downs received \$31,590 pursuant to a consent agreement between Batavia Downs and Finger Lakes Race Track (similar to the Buffalo-Batavia consent). Finger Lakes Race Track reported a net profit of \$496,596 from the NYRA simulcast. Pursuant to an agreement NYRA provided the uplink and transmission of the simulcast signal while Finger Lakes was responsible for the transmission of wagering data to NYRA.

#### TRACK TO TRACK SIMULCASTING: NYRA TO SARATOGA RACEWAY

Saratoga Raceway conducted 286 days of simulcasting NYRA races during 1986, compared to 282 days in 1985. The 1986 attendance was 169,622 compared to 166,467 in 1985. The 1986 handle was \$16.5 million compared to \$17.2 million in 1985. Average attendance rose from 590 in 1985 to 593 per day in 1986. The average daily handle decreased to \$57,753 in 1986 as compared to \$61,065 in 1985. On-track harness handle decreased \$3.2 million and attendance decreased 47,835 in 1986. Comparisons of the on-track harness dates show a decline of average daily attendance of 229, a 9.9% decrease, and a decline in average daily handle of \$17,376, an 8.4% decrease.

Saratoga Raceway retained \$1,577,572 from its 1986 simulcasting of NYRA races in addition to \$120,347 in admissions and concessions. Revenue to the State of New York was \$301,640, to the Thoroughbred Breeding and Development Fund \$82,584, and \$1,064,804 to the New York Racing Association and its horsemen.

Pursuant to a verbal agreement, Saratoga Raceway's horsemen received one and one-half percent of Saratoga simulcasting handle for days when there was live on-track harness racing. If there was no live harness racing on simulcast days, horsemen did not receive any purse accruals from simulcasting. Saratoga Raceway's horsemen received the sum of \$140,335 in 1986 from NYRA's track to track simulcasting.

#### TRACK TO TRACK SIMULCASTING - NYRA TO YONKERS RACEWAY

Yonkers Raceway conducted 242 days of simulcasting NYRA races during 1986. This track to track simulcast began on March 24, 1986 after long negotiations between Yonkers Raceway and NYRA, its horsemen (Standardbred Owners Association), New York City Off-Track Betting (NYCOTB) and Catskill OTB. New demographic boundaries were established with NYCOTB to facilitate this experiment and to allow Yonkers Raceway's live racing to be shown at the NYCOTB simulcast theater, The Inside Track. A contract agreement between Yonkers Raceway and the Standard Owners Association (SOA) was arrived at whereby during their racing meet, the SOA would receive as accrued purse

obligations 50% of the net revenues from the NYRA simulcast. This amounted to \$421,834 in purses.

The 1986 total attendance for the simulcast dates at Yonkers Raceway was 325,256 and the pari-mutuel handle was \$56.7 million. During this period, average attendance was 1,344 and average daily handle was \$234,216, resulting in a \$174 per capita betting handle.

During this period, Yonkers Raceway's on-track harness handle was \$172 million a decrease of \$14.9 million over the corresponding period in 1985. The total on-track attendance decreased 107,054 resulting in a daily average handle of \$945,302 and a daily average attendance of 4,201.

Yonkers retained \$5,138,368 from simulcast of NYRA races and earned \$483,294 in ancillary income from admissions, concessions, parking, etc. The State of New York received \$1,228,694 in pari-mutuel taxes in 1986. The Thoroughbred Breeding and Development Fund received \$283,400, and the New York Racing Association and its horsemen received \$3,672,019.

#### CATSKILL OTB - YONKERS DISPUTE

In an application to the Board dated July 7, 1986, the Catskill Regional Off-Track Betting Corporation (Catskill) sought to enforce a withdrawal and termination of its consent to the simulcasting of New York Racing Association (NYRA) races to Yonkers Raceway (Yonkers). A hearing on the matter was held before the full Board on July 24, 1986.

Pursuant to several diverse and interdependent contractual arrangements among these parties with each other and other parties, simulcasting for pari-mutuel betting purposes from Aqueduct, Belmont and Saratoga Race Tracks was conducted at Yonkers Raceway, branches of Catskill and branches of the New York City Off-Track Betting Corporation (NYCOTB).

To prevent various competitive segments (tracks and off-track betting corporations) from employing simulcast technology to the exclusion of each other, a delicate scheme of consents and agreements was prescribed by the Legislature to enable each component operator to protect itself.

After long and hard fought negotiations between and among NYRA, Yonkers, Catskill and NYCOTB agreements in various forms and with various provisions were reached by the various parties permitting the simulcasting of NYRA races to Yonkers and prescribed Catskill and NYCOTB locations; simulcasting of Yonkers races to prescribed Catskill and NYCOTB locations; authorizations to Catskill and NYCOTB to establish simulcast theaters; authorizations for the receipt of "live calls"; various commission rates for varying operations; varying optional cancellation clauses; and other substantial considerations.

The nub of the issue before the Board concerned the requirement of Racing, Pari-Mutuel Wagering and Breeding Law, Section 1007, subdivision 5 that permits NYRA to simulcast its races to Yonkers only with the written consent of Catskill.

At the Board hearing, Catskill claimed that it had lost NYRA betting handle since Yonkers commenced simulcasting in March and that it was therefore asserting its rights. (No written compilations or analyses of losses were offered at the hearing).

Yonkers claimed that Catskill had effectively given the required consent by contract and that pursuant to the contract it could not withdraw its consent but could only terminate the entire contract, and that it had not effectively done so. Regarding this point, Yonkers argued that since the question was governed by the contract, that only the Courts had jurisdiction to construe the rights of the parties and give appropriate relief.

In addition, Yonkers argued that Catskill's assertions of loss were only assertions and were unsupported by any evidence.

NYRA stated that unless otherwise ordered by a competent Court or Board, it intended to continue simulcasting to Yonkers.

The Board was satisfied that the required statutory consent to the simulcasting of NYRA races to Yonkers was given by Catskill in its contract with Yonkers.

The question before the Board was the meaning of those contractual provisions and the appropriate relief which may be invoked.

With regard to the question of whether the Board had jurisdiction to resolve the issue, in this particular case and on these peculiar facts and legal issues, the Board believed that this question basically, concerns a contractual dispute and is properly and ultimately, a question for determination by a

Court of appropriate jurisdiction with full powers to grant broad forms of relief. In this regard, a Court is particularly vested to grant preliminary relief and to require bond or other security from one or more parties to protect the interests of all parties pending a full disposition of the issues.

Various legal rights and liabilities of Catskill, Yonkers and NYRA were implicit in the application presented to the Board. The Board, therefore, referred the parties to the appropriate Court for resolution.

To date, no application for judicial intervention has been made.

#### SIMULCASTING OF NEW YORK RACES TO OTHER STATES

##### CONNECTICUT OFF-TRACK BETTING

Off-track betting on New York State racing began in the State of Connecticut on April 29, 1976, at 11 off-track betting branches under agreements signed with the New York Racing Association, Yonkers Raceway, Roosevelt Raceway, American Totalizator (Amtote) and the State of Connecticut, and approved by the New York State Racing and Wagering Board.

On October 20, 1979 a "Teletrack" began operating in New Haven, simulcasting New York racing into that facility under the terms of the earlier mentioned agreement. The Teletrack, a theater-like facility, charges admission, affords seating, food service, odds boards, programs, dining room and a very large projection screen showing a racing program plus background

documentary material on racing between races. It attempts to simulate the on-track experience.

Amtote purchased an eight acre site in New Haven and constructed their Teletrack with parking facilities for 800 autos.

The Teletrack accommodates approximately 2,300 patrons at their 40 windows. There is seating for 1,800 in the "Grandstand" on the first floor, with 29 betting/cashing windows available. The second floor is the "Clubhouse" consisting of the balcony, which seats 200 and the Ala Carte Restaurant which seats 165. The Clubhouse is serviced by nine betting/cashing windows. On the third level are four V.I.P. rooms that accommodate a total of 100 patrons with two betting/cashing windows.

In addition to the regular betting/cashing windows there are two self service tellers (SST's) operating on a test basis.

Patrons view New York Racing Association simulcast races Wednesday through Monday and Yonkers/Roosevelt simulcast races Monday through Saturday on the 24 foot by 32 foot projection screen as well as on 18 monitors strategically placed throughout the facility.

A concessionaire operates the food and beverage service in the Teletrack and the fare ranges from hot dogs to full course meals. Alcoholic beverages are available.

Total handle for 1986 was \$191.8 million. The handle for the Teletrack alone was \$86.2 million, while the 14 branch offices and their telephone betting had a total handle of \$105.6 million. The average yearly handle per branch

was \$7 million compared with the yearly average of \$6.1 million at the 288 branches in New York State. New York City OTB Corporation had a total handle of \$945.8 million at 110 branches for a yearly average handle of \$8.6 million per branch.

Amtote, a division of General Instrument, owns and operates the Teletrack and leases the off-track branches. The State of Connecticut hires and pays the pari-mutuel clerks, internal security and janitorial maintenance personnel. Amtote paid approximately \$500,000 for microwave transmission fees in 1986. The State of Connecticut's payment to the harness tracks (Roosevelt and Yonkers) is \$9,500 per day, while NYRA received approximately \$21,000 per day.

Amtote receives approximately four percent of the annual Connecticut handle. In 1986 the State of Connecticut paid Amtote \$7.8 million on a total handle of \$191.8 million, or 4.06%.

Connecticut OTB has live calls in eight of its 14 branches. These are located in Bridgeport, Waterbury, Bristol, New London, Torrington, Killingly, Norwalk and Norwich.

On New York dark days, Connecticut takes wagers on races run at tracks in other states, but there is no simulcasting in the Teletrack on a regular basis except from New York State.

Connecticut law currently restricts the Teletrack's operations to six days a week. This is usually accomplished by closing on Tuesday in the daytime,



and on Sunday night. However, the days and nights of closing may be changed to other days as long as the total does not exceed six days.

### NEVADA

In June 1983, NYRA and Caesars Palace of Las Vegas, Nevada, entered into an agreement to simulcast NYRA racing to the race book operation located in Caesars Palace Hotel.

This agreement gave Caesars the exclusive right to the signal in the State of Nevada and included the right to disseminate the signal to other locations in Nevada. There are presently 37 licensed race books receiving the NYRA signal in the State of Nevada.

On January 1, 1985, a new contract between NYRA and Caesars Palace was signed. This new contract, running until December 31, 1987, calls for NYRA to assume all transmission costs and for Caesars to pay a fixed daily fee of \$4,500 per day to NYRA. NYRA received \$1,395,000 from this agreement in 1986, while expending approximately \$510,000 in transmission costs.

During 1986, the Yonkers/Roosevelt harness program was simulcast to four licensed race books in the State of Nevada from January 9 through August 3 and again for a brief period from December 8 through December 23. This simulcast was distributed in Nevada by Nevada Disseminator Service, Inc., a licensed sports disseminator under a contract with Yonkers and Roosevelt Raceways and their simulcast vendor. Under the terms of these

agreements, Yonkers received \$51,821 and Roosevelt received \$71,260. These monies were evenly divided between the tracks and their horsemen.

### SPECIAL EVENTS

On numerous occasions, New York stakes and feature races are simulcast to various out-of-state tracks. These simulcasts are the subject of specially negotiated agreements, approved by the Racing and Wagering Board on a case by case basis. These agreements must comply with the provisions of the federal Interstate Horseracing Act of 1978 (15 U.S.C. §3001).

NYRA simulcast selected races during 1986 to out-of-state tracks. The guest or receiving track pays all charges to receive the race and pays NYRA 50% of its retained commission of the total pari-mutuel handle on that race. During 1986, NYRA entered into agreements to simulcast to 35 out-of-state tracks. That handle was \$24.7 million, of which \$1.8 million was paid to NYRA.

Similarly, Roosevelt and Yonkers Raceways simulcast a few of their feature races to five out-of-state tracks. The handle on these races was \$840,000 of which \$21,000 was paid to the tracks.

### INTERFACE TECHNIQUES BETWEEN TRACKS

The problem of connecting different pari-mutuel systems has been a matter of some concern. The law requires that all bets be combined at the track to assure uniform odds and uniform winning pay-off prices statewide.

Because the tracks want to offer their bettors the opportunity to view current odds and to place their bets up to the very last second before the race starts, those tracks receiving simulcasts do not utilize their own on-track pari-mutuel systems. Instead, the computer vendor at the NYRA tracks, ("Autotote"), furnishes these tracks with Autotote ticket issuing machines which, using computer "modems", are connected directly into the NYRA computer by telephone wire. (In the case of Finger Lakes and Buffalo Raceway, the modems were furnished by their regular on-track computer supplier, "Amtote").

As a result of this method of transmission, no betting information is accumulated at the tracks receiving the NYRA simulcast. Instead all bets are recorded solely in the NYRA track computer and the NYRA computer separates these wagers from its own on-track wagers and furnishes the necessary betting reports back to the receiving tracks. This service by NYRA is included in the contractual compensation charge to these tracks.

The Board is concerned about this expensive method of processing wagers because it is vulnerable to frequent telephone line disruptions, and because it removes from the receiving tracks any speedy and effective method of examining betting patterns of their patrons.

#### INTERFACING OF OTB WAGERS WITH TRACKS

By law, all off-track betting wagers must be combined with comparable on-track wagers to constitute a single statewide pool or pools for in-state races. Without this requirement, pari-mutuel wagering off-track would result in differing pay-off prices on the same winning selections. Among the six

OTB corporations, and with nine potential simulcast tracks there could be up to fifteen various pay-off prices throughout the state on each pari-mutuel pool in each race. Legislative policy directs uniform state-wide pay-off prices and to make this possible, all on-track and off-track wagering pools are required to be combined through a process called "interfacing".

Each track in the state maintains a separate computer system to issue and record wagers made at the track. (The actual betting system is maintained and operated by specialized vendors, and at present, one vendor, Autotote, has three tracks, one vendor, United Tote has the Suffolk Meadows Race Track, while another vendor, Amtote, has the rest of the tracks.)

In addition to the tracks' systems, off-track betting is conducted on separate off-track wagering systems. Nassau and Suffolk OTB regions share one system (under contract to Autotote), New York City and the Catskill OTB regions share another system (under contract with Amtote) and Capital and Western OTB regions' computers are headquartered in Schenectady (under contracts with Control Data Corporation).

Through 1984, in order to accomplish the necessary interfacing to combine off-track and on-track wagers, complicated and cumbersome techniques were employed. In general, New York City OTB acted as the agent to gather all off-track bets together (through another separate corporation-maintained computer system). After it had gathered all the OTB systems (which took from four to six minutes for regular and multiple pools, longer for exotic pools) it then transmitted the consolidated OTB data to the applicable track

(another two minutes). As a result, substantial last minute betting time was lost at OTB branches. (In Nassau County, regular and multiple wagering was stopped from seven to ten minutes before the race; in New York City, from three to five minutes). These delays were barely tolerable for regular non-simulcast OTB betting. They were especially detrimental for simulcasting since they took away from the "live" quality of betting rendering the display of betting odds almost meaningless, since last minute odds fluctuations occur during the last few minutes at the track after the close of betting at OTB branches.

In 1985 and 1986 technological advances made dramatic improvements in the interfacing procedures. Through a process called "auto-merge" the three separate OTB computer systems no longer have to feed into New York City OTB's system to be sent to the metropolitan tracks (Aqueduct, Belmont, Saratoga, Roosevelt, Yonkers and Monticello). Now each of the three OTB systems sends its data directly into these tracks, virtually simultaneously, and have been able to offer OTB betting up until almost one minute before the race, thereby increasing their last minute betting time up to seven minutes. Last minute OTB betting at the other tracks in the state has also been improved. The metropolitan off-track betting corporations can now similarly interface with the upstate tracks, such as Finger Lakes.

Delay in effecting OTB pay-offs, however, while not so serious, continues to be a problem. While off-track pay-off prices are pegged to on-track prices, the OTB's, except at simulcast theaters, must deduct the statutory

surcharge and enter the prices in their respective systems. All this takes substantial additional time, from five to ten minutes longer.

This means that the time for "churning" (i.e., the tendency of winning bettors to bet on the next race) is reduced, and with it, betting volume is reduced.

Ultimate last minute betting and speedy cashing of winning tickets as at the racetrack, is still not feasible because of the various computer systems employed in the multitudinous operations. The on going study by the Legislative Commission on Science and Technology will address this problem and hopefully, offer recommendations to help the OTB bettor achieve the same last minute betting ability as the on-track bettor.

#### TRANSMISSION AND SECURITY OF SIMULCAST TELEVISION SIGNALS

The secure transmission of audio-visual signals in New York State is accomplished by the following means:

SATELLITE - A television signal is sent from an "earth station" (uplink) to a specific transponder (channel) on a designated satellite. The transponder reflects the signal back to earth in a huge "footprint" pattern. The average footprint covers the continental United States as well as parts of Canada, Mexico and the Caribbean. On the ground, the signal is picked up by a dish shaped antenna (downlink/dish). In order to prevent unauthorized recipients who have dishes from being able to receive and display the sound and picture, all racing television signals emanating from within New York State are encoded

prior to being beamed to a satellite. The encoded signal contains an encrypted addressing system that activates only specified, authorized decoders.

Since June 1983 the NYRA daily racing program has been available on a satellite system. During this period, the "Orion" encryption system, manufactured by Oak Industries had been employed. In early 1985, Board personnel recovered a stolen decoder that had been adapted in such a manner that it was constantly addressed. Accordingly, it could be used to decode any satellite signal that employed the Orion system. Immediately after the recovery of this "bandit" decoder, the Board notified the manufacturer, all simulcast vendors and sending tracks of the security breach. Early in 1986 information was received by the Board that numerous "bandit" Orion decoders were being sold in the New York City area. All concerned parties were notified of this development.

By July 1986 NYRA had contracted with a new encryption manufacturer, Scientific-Atlanta, to fulfill its encoder/decoder needs. Beginning with their Saratoga meet in August NYRA encrypted its signal with Scientific-Atlanta's "B-Mac" system. It is interesting to note that immediately after changing to the B-Mac system, numerous telephone calls were received from around the country complaining that the NYRA signal could no longer be decoded.

NYRA transmits its simulcast signal utilizing an earth station located in the backstretch of Belmont Park. The property that the earth station is built was leased from NYRA by Cablevision Program Services Company and

Cablevision of Westchester in an agreement signed on September 26, 1978 and amended on October 10, 1978. A second amendment signed on September 15, 1980 transfers and assigns the above lease to Atlantic Transport Company.

The above agreements permitted the tenant to build a transmitting and receiving earth station consisting of two, 11 meter dishes (transmitter antennae) and a microwave system on the grandstand roof to be connected to the earth station. A third dish has been added as per the amendment of September 15, 1980.

NYRA, under the agreements, may receive free of charge any programming received by the tenant at the earth station and the tenant must provide to NYRA all transmission time at published common carrier rates.

During 1986 the New York City Police Department raided two locations, one in Brooklyn and one in Queens, where a total of three "bandit" Orion decoders were confiscated. Both these locations were operating as classic "horse parlors" where patrons could not only bet, but could sit, have a drink and watch live racing.

Throughout 1986, all other race tracks in New York State continued to utilize the Orion encryption system to encode their racing signals. Another state has determined that the Orion system does not meet its minimum requirements for signal security. The Board is presently reviewing this matter. It anticipates that the forthcoming report of the Legislative Commission on Science and Technology will shed additional light on this subject.



TERRESTRIAL MICROWAVE - A television signal transmitted point-to-point (line of sight). Depending on topography this signal will travel only 25 to 40 miles before it must be amplified and retransmitted. In order to go long distances, this signal is directed over a string of microwave towers until it reaches its destination.

This method of transmission has certain drawbacks from a security point-of-view. Unless the system is privately operated, the transmission cannot be encoded. Public carriers such as Western Union and AT&T (which forward telephone calls in this manner) will not permit the encoding of transmissions. Therefore terrestrial microwave signals from New York tracks are not encoded, with the exception of NYRA's microwave feed from Aqueduct to the earth station at Belmont on their private coded system. Another weakness of point-to-point transmission is that it may be intercepted along the path of the signal.

MULTIPOINT DISTRIBUTION SYSTEM (M.D.S.) - Broadcasts in a wide oval from the point of transmission. Depending on the height and wattage of the unit, the signal can travel 100 miles without loss of quality. In New York State this system is used only by Capital District Regional Off-Track Betting Corporation within the Albany area.

CABLE T.V. - Shielded coaxial cable used to carry the signal from the source to each designated receiver. This method of distributing a television signal is used primarily as an in-house system for a track to feed its monitors

via Closed Circuit TV (CCTV), or by a local cable company (CATV) to service its subscribers.

New York City OTB uses a franchised cable company to service some locations in Manhattan. During 1986, there were confirmed reports of unauthorized reception of this signal. NYCOTB and its franchised cable company have recently installed a newly developed cable encryption system. This system manufactured by Zenith uses an addressing system to activate only specific decoders in OTB branches.

Capital District OTB owns and operates its own franchised cable company that produces TV-12. This station carries the "live call" of races while the screen displays only odds and prices to any cable TV subscriber as well as other cable companies.

If access can be gained to the cable itself, it is simple and inexpensive to steal the programming. Since 1985, when such a theft was discovered and successfully prosecuted by Racing and Wagering Board personnel in New Lebanon, New York, no other breach of this system has been detected.

DEDICATED LINE (LAND LINE) - "Hard line" system usually leased from the local telephone company to carry programming from the source to specific authorized receivers. In areas not ordinarily serviced by cable systems a dedicated line is used. All OTB regions use this system to some degree.

Security is difficult because the system can be "tapped" easily. There had been instances of tampering in the past, but due to successful

prosecutions and the notoriety they received, there were no reports of this problem in 1986.

#### COSTS OF SIMULCASTING VIA SATELLITE FROM A TRACK

To construct an earth station with all necessary accessories could range in cost from \$250,000 to \$1 million. The average cost is approximately \$400,000. A television production studio could cost anywhere from \$500,000 to \$1.5 million. A portable earth station can be rented for \$6,000 per day, but long term rentals cost much less, as low as \$1,000 per day if leased for 90 days. Renting a television production studio costs approximately \$3,000 per half-day, on a short term basis.

Uplink transponder time at common carrier rates is \$200 - \$400 per hour. These rates are negotiable depending on the time of day and the length of time the transponder is used. One day a week use would mean higher rates if the time on the transponder is available.

An engineer to run the earth station is paid approximately \$40,000 per year and technicians to assist him about \$25,000 per year.

The cost of such an endeavor in the first year to construct and operate the earth station could be in excess of \$1 million.

At the receiving sites, the cost of a downlink dish (antenna) could range from \$2,500 to \$10,000 per location. A dish costing \$2,500 would not be suitable to receive a high level of encryption of the television and the audio

signals. The signals must be amplified a minimum of 100,000 times in order to allow the decoder to function at high encryption levels.

### ADDITIONAL BETTING FROM SIMULCASTING

The major goal of the simulcasting legislation is to increase betting, resulting in increased revenues sufficient to cover the additional costs to deliver simulcasting as well as yielding additional revenues to all parties. It is intended that these additional revenues more than offset losses resulting from business shifting from off-track betting corporations to nearby tracks doing track to track simulcasting or, from racetracks conducting racing to off-track betting operations offering simulcasting on those or other races.

Many imponderables arise initially in attempting to establish what portion of the total betting at a location is additional betting due to simulcasting, and what portion is betting which might regularly occur there or at another location. Tracks doing simulcasting are receiving bets on this product for the first time and so the total betting (or pari-mutuel handle) on simulcast races can be said to be entirely due to simulcasting. However, even this betting may be cannibalized from adjacent off-track betting areas, or from the regular on-track betting at the track on its own races. Even future betting at that track could be reduced due to the drain on total available leisure time betting money from the area population.

Determining the incremental betting from simulcasting at off-track betting corporations is even more complex since they already have established betting

on such races without simulcasting. The proximity of non-simulcast branches to simulcast branches may cause business to shift from those branches to the simulcast branch (OTB cannibalization). Further, if tracks in the OTB region are conducting track to track simulcasting, simulcasting at OTB branches, while seeming to be disappointing may really be successful, in that it stops a greater shift of business to a regional track which is now conducting competing simulcasting.

In 1984, the statute guaranteed that horsemen would receive a portion of the OTB simulcast revenues, and established a measure for determining incremental OTB handle from simulcasting. The OTB corporations complained that the statutory method of computing incremental handle (basically the increase in a branch's weekly simulcast handle above the average week when it had no simulcasting) was unrealistic since the formula did not take into account cannibalization from other branches. Because of this OTB said it had to pay much larger commissions to the tracks for already existing business and so were actually losing money through simulcasting. (New York City OTB claimed it lost almost \$500,000 on Roosevelt Raceway simulcasting in a three month period alone.)

In 1985, the Legislature amended this provision and dropped any fixed percentages of OTB simulcasting handle to be paid to the racetracks or purses. It thereby abandoned any attempt to define incremental handle legislatively and left the parties free to negotiate such compensation.

Historical computations have shown large variations among branches due to live audio race calls, closer to post time betting, more up to date odds changes, opening and closings of other nearby branches, longer hours of operation, new super exotic betting, as well as the introduction of simulcasting in a branch. Because of the multitudinous variables, determinations of increased handle from simulcasting on a branch by branch basis is not feasible.

Accordingly, contracting parties have attempted different formulas for determining fair compensation to tracks and horsemen for giving simulcasts of their races. Most of these formulas are based on increases, if any, in a broad area or entire OTB region over prior years, with, in some cases, an allowance for natural growth.

With the abandonment of the incremental concept in the statute the Board's staff has not attempted to make any "guess-timates" of the actual increase in handle, if any, brought about by simulcasting.

Nineteen-eighty five, while being a full year of simulcasting, showed disappointing results. Even with dramatic alterations to the law effective July 1, 1985 very little was done immediately, and even some cut backs were experienced. Simulcasts of Finger Lakes races on seven Tuesdays were initiated, and the state's first simulcast theater opened in the Albany area. But day to day simulcasting of harness races from metropolitan New York was cut back and erosion of metropolitan daily on-track harness handle continued its trend.

In 1986 however, simulcasting expanded and the results, at least, seem to indicate that simulcasting did in fact, expand the overall market.

NYRA handle which lost \$23 million on-track gained \$173 million at track to track and off-track locations! Finger Lakes which maintained even handle on-track, gained \$23 million off-track.

It is fair to say that the net \$173 million additional handle resulted from simulcasting. (Note: Catskill OTB, which feared a substantial reduction in its NYRA handle from the competition of the Yonkers track to track facility showed a gain of \$4.4 million (or 6.4%) in its NYRA handle in 1986.)

The harness track situation is more perplexing. While off-track simulcasting, despite disruptions, expanded for the year and gained \$39 million stemming the trend of recent losses, the on-track handle continued to decline, losing \$31 million in 1986.

It seems apparent that the overall increase in statewide handle of \$184 million was almost all due to simulcasting (some resulted from increased harness programs and the new quarterhorse track).

While simulcasting, as a whole, seems very positive for the state's thoroughbred market, whether it just steadies the present harness racing market in competition with thoroughbred racing or actually enhances the market cannot be determined.

## RECOMMENDATIONS

In accordance with the provisions of Section 1002(2) of the Racing, Pari-Mutuel Wagering and Breeding Law, the New York State Racing and Wagering Board respectfully submits the following recommendations for consideration and appropriate action by the Governor and the Legislature:

### RECOMMENDATION #1

Simulcast locations, like all other pari-mutuel racing and wagering facilities, depend upon the public's attendance and participation. The State of New York has an obligation to insure that both patrons and employees at these facilities are served in a safe and secure manner. Events during the last year have vividly demonstrated the vital need to address the question of fire safety in an effective, consistent format.

New York State has begun this process with the enactment of a Uniform Fire Prevention and Building Code. The outstanding issue concerns the method for the uniform administration and enforcement of the Code in all pari-mutuel wagering facilities. Discussions between the Department of State, through its Codes Division, Office of Fire Prevention and Control and Counsel's office and the Board continue. Several facts are clear. The New York State Racing and Wagering Board lacks the personnel with the required expertise and knowledge to properly execute this function. In addition, almost 300 facilities both on and off-track are involved. Reliance on local officials is contrary to the statutory intent that pari-mutuel wagering be a state activity and inherently inadequate given the competing interests involved.



Accordingly, the New York State Racing and Wagering Board strongly and urgently recommends that the New York State Office of Fire Prevention and Control be granted jurisdiction for the administration and enforcement of the Uniform Code at all pari-mutuel wagering facilities (tracks, off-track betting branches and simulcast theaters) in the State of New York. In conjunction with this statutory authority, sufficient funding to establish at least two full-time professional positions to insure the required level of protection at all wagering facilities with the State of New York must be provided.

The Office of Fire Prevention and Control has prepared a detailed cost/benefit analysis. It is estimated that following an initial appropriation of \$100,000 for the first year, annual recurring expenses will be approximately \$60,000 per fiscal year. The benefits and protection that such positions will provide, as compared with the relatively minor costs, makes it inconceivable that this program cannot be rapidly approved and implemented.

The Board will fully cooperate with the Office of Fire Prevention and Control in insuring the prompt implementation of its requirements and recommendations at all locations subject to the jurisdiction of the Board.

#### RECOMMENDATION #2

After careful consideration and analysis, the Board believes that the present statutory formula for the licensing of simulcast theaters is inadequate. The prudent location of these facilities under the strict supervision and control of the Board will promote and enhance the development of new markets and patrons for simulcast theaters and racing generally.

The Board recommends that the innovative formula contained in Section 20 of Chapter 919 of the Laws of 1986 be adapted for simulcast theaters. The Board respectfully suggests that Section 1009(1) of the Racing, Pari-Mutuel Wagering and Breeding Law be amended to read:

"1. The Board may authorize and approve licenses for no more than three simulcast theaters in off-track betting regions which include more than two counties, and no more than two simulcast theaters in any other region, for the operation of simulcast theaters as defined in section one thousand one of this article."

It is the opinion of the Board that this formula allows for the more orderly establishment of simulcast theaters.

### RECOMMENDATION #3

Presently, in the law, off-track betting corporations are entitled to conduct wagering on 15 thoroughbred and five harness out of state special events per year, regardless of whether in-state tracks are operating or not.

The Board has submitted as departmental legislation for the current year, a proposal which would allow OTB corporations to utilize some of their special event races for important in-state feature races.

We believe that at the very least the same privilege should extend to all in-state tracks. Special events run at New York State tracks, should be permitted as track to track simulcasts.

#### RECOMMENDATION #4

Off-track betting corporations have made sizeable investments in the establishment of new facilities offering additional amenities to their patrons. It is essential for these corporations (and in the best interest of the State of New York) that the maximum utilization of these innovative yet costly facilities be encouraged.

Accordingly, the Board recommends that simulcasts from out-of-state race tracks into licensed simulcast facilities be authorized when the Racing and Wagering Board determines that an equivalent in-state racing program is not available (for a given time period and location).

#### RECOMMENDATION #5

The Board's prior experience with the issue of locating off-track betting branches indicates that significant problems often arise within a community when OTB seeks to establish a facility. The Legislature has authorized a long-range experiment with simulcasting that encourages the widest possible development of this new technology. Results show that simulcasting has been beneficial to many segments of the pari-mutuel wagering industry, as well as state and local governments. To date, all of these projects have been conducted either by state public benefit corporations (OTBs) or corporations or associations either granted a franchise or license by the State to engage in pari-mutuel wagering activities. Each of these organizations are the subject of an extensive regulatory scheme established by the Racing, Pari-Mutuel Wagering and Breeding Law and rules promulgated thereunder by the State.

Racing and Wagering Board.

Accordingly, the Board recommends that the statutory requirements for simulcast facilities to comply with all local ordinances and/or obtain the consents of local governments be removed. Specifically, we recommend that Section 1003(f) be amended to provide that "the location of such facility and number of patrons expected to occupy such facility are in compliance with all applicable State laws." In addition, we urge that Section 1009(e) concerning simulcast theaters be deleted.

It is evident that local approval of simulcast facilities is cumbersome and retards economic development. The concept was specifically rejected by the Legislature in the formation of OTB and the Board recommends continuance of this policy.

#### RECOMMENDATION #6

The 1985 Omnibus Racing Law generated by the Legislature and approved by the Governor was very creative and effective in accomplishing its intent to expand the opportunities for in-state simulcasting. It established a tax credit for the simulcasting of races from Finger Lakes Race Track and the state's harness tracks to off-track betting corporation branches, pursuant to Section 1008 of the Racing, Pari-Mutuel Wagering and Breeding Law. Presently, the statute does not offer the same incentive for simulcasting into the concept's newest innovation, the simulcast theater, which operates under Section 1009 of the law.

Accordingly, the Board recommends that the state's simulcast tax credit

[as set forth in Sections 228(2), 318(1)(a)(i) and 318(1)(a)(ii)] be extended to wagers placed on simulcast events from those tracks at simulcast theaters.

No rational reason exists for the distinction current law makes between off-track betting branches with simulcasting and simulcast theaters. That very distinction threatens to cause the tracks to cease simulcasting to these newest OTB facilities. If this amendment is not enacted, the tracks will be disinclined to consent to transmit to simulcast theaters, unless those theater operators (OTB corporations) make up the lost revenue. Therefore, the Board urges the Legislature to act to insure uniformity with respect to all off-track betting simulcast facilities.

## CONCLUSION

The foregoing has been a detailed analysis of simulcast operations during 1986. Substantial investments by the various off-track betting corporations and the tracks during the past 30 months continue and will increase. In our view, this investment will yield greater dividends over a longer period of time and expanded simulcasting should be given the opportunity to develop.

While there have been various problems associated with simulcasting, nearly all of them are technical and can be resolved. The major non-technical problem is conceptual. A sense of apprehension and at times distrust between the various segments of the industry pervades most if not all, the relationships that exist within the racing and pari-mutuel wagering community. Several specific instances have been described in this report.

Stripped of all its apparent glitter, racing is and remains a public service industry. Its mainstay is the public. The public interest will not be served unless all elements of the industry are encouraged to cooperate, in their own best interest. Through simulcasting and tax relief legislation, the tracks, its horsemen and OTB corporations have been given an incentive to accomplish this goal. These methods should be continued and expanded for the benefit of the entire racing and pari-mutuel wagering industry.

COMBINED ON AND OFF-TRACK - 1986/1985

COMPARISON OF HANDLE

	ON-TRACK HANDLE			OFF-TRACK HANDLE			COMBINED ON AND OFF-TRACK HANDLE		
	1986	1985	% of increase Or (decrease)	1986	1985	% of increase Or (decrease)	1986	1985	% of increase Or (decrease)
<b>THROUGHBRED</b>									
<b>N.Y.R.A.</b>									
Aqueduct	\$ 471,247,548	\$ 465,842,756	1.16 %	\$ 662,418,180	\$ 572,877,751	15.61 %	\$ 1,133,665,728	\$ 1,038,720,507	9.14 %
Belmont	348,610,856	378,183,078	(7.82)	440,461,931	409,277,538	7.61	789,072,787	787,460,616	0.20
Saratoga	76,030,872	78,209,836	(2.85)	98,332,425	93,478,576	5.19	174,363,297	169,688,612	2.75
<b>N.Y.R.A. On-track Total</b>	<b>\$ 895,889,276</b>	<b>\$ 920,235,670</b>	<b>(2.65) %</b>	<b>\$ 1,201,212,536</b>	<b>\$ 1,075,633,865</b>	<b>11.67 %</b>	<b>\$ 2,097,101,812</b>	<b>\$ 1,995,869,535</b>	<b>5.07 %</b>
<b>Intertrack Simulcast of N.Y.R.A. at:</b>									
Aqueduct (Saratoga meet)	\$ 28,341,647	\$ 31,369,612	(9.65) %	---	---		\$ 28,341,647	\$ 31,369,612	(9.65) %
Yonkers Raceway	56,700,458	---	N/A	---	---		56,700,458	---	N/A
Saratoga Raceway	16,597,700	17,220,227	(3.62)	---	---		16,597,700	17,220,227	(3.62)
FingerLakes Racetrack	9,189,374	9,823,826	(6.46)	---	---		9,189,374	9,823,826	(6.46)
Buffalo Raceway	127,161	5,577,699	---	---	---		127,161	5,577,699	(97.72)
<b>Total Inter-track Simulcasting</b>	<b>110,956,340</b>	<b>63,991,364</b>	<b>73.39</b>	<b>---</b>	<b>---</b>		<b>110,956,340</b>	<b>63,991,364</b>	<b>73.39</b>
<b>Total N.Y.R.A. races</b>	<b>\$ 1,006,845,616</b>	<b>\$ 984,227,034</b>	<b>2.30 %</b>	<b>\$ 1,201,212,536</b>	<b>\$ 1,075,633,865</b>	<b>11.67 %</b>	<b>\$ 2,208,058,152</b>	<b>\$ 2,059,860,899</b>	<b>7.19 %</b>
Finger Lakes	69,267,861	68,911,640	0.73	75,115,031	52,183,248	43.94	124,382,892	101,094,888	23.04
<b>TOTAL IN-STATE THROUGHBRED</b>	<b>\$ 1,056,113,477</b>	<b>\$ 1,033,138,674</b>	<b>2.22 %</b>	<b>\$ 1,276,327,567</b>	<b>\$ 1,127,817,113</b>	<b>13.16 %</b>	<b>\$ 2,332,441,044</b>	<b>\$ 2,160,955,787</b>	<b>7.94 %</b>
<b>TOTAL OUT OF STATE THROUGHBRED</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>77,149,655</b>	<b>84,417,655</b>	<b>(8.60)</b>	<b>77,149,655</b>	<b>84,417,655</b>	<b>(8.61)</b>
<b>TOTAL THROUGHBRED HANDLE</b>	<b>\$ 1,056,113,477</b>	<b>\$ 1,033,138,674</b>	<b>2.22 %</b>	<b>\$ 1,353,477,222</b>	<b>\$ 1,212,234,768</b>	<b>11.65 %</b>	<b>\$ 2,409,590,699</b>	<b>\$ 2,245,373,442</b>	<b>7.31 %</b>
<b>HARNESS</b>									
Roosevelt Raceway	\$ 174,836,797	\$ 186,211,503	(6.11) %	\$ 156,600,796	\$ 151,022,483	3.69 %	\$ 331,437,593	\$ 337,233,986	(1.72) %
Yonkers Raceway	172,044,907	186,917,924	(7.96)	153,003,081	128,808,391	18.73	329,047,988	315,726,315	2.95
Roosevelt/Yonkers Total	<b>\$ 346,881,704</b>	<b>\$ 373,129,427</b>	<b>(7.03) %</b>	<b>\$ 309,603,877</b>	<b>\$ 279,830,874</b>	<b>10.63 %</b>	<b>\$ 658,651,581</b>	<b>\$ 652,960,301</b>	<b>0.54 %</b>
Monticello Raceway	53,871,039	57,918,831	1.80	22,866,651	21,490,983	6.30	76,717,690	74,409,814	3.10
Saratoga Raceway	35,476,147	38,566,022	(8.01)	15,821,829	13,497,829	17.26	51,297,976	52,058,851	(1.46)
Vernon Downs	34,451,557	35,812,840	(3.24)	6,781,819	7,566,060	(10.36)	41,333,376	43,378,900	(4.48)
Betavia Downs	30,192,027	31,370,889	(4.37)	24,694,415	20,906,006	18.12	54,886,442	52,476,895	4.59
Buffalo Raceway	28,497,011	28,952,261	(0.88)	22,013,267	19,165,777	14.85	50,710,278	48,110,038	5.39
Betavia/Buffalo Total	<b>\$ 58,889,038</b>	<b>\$ 60,523,150</b>	<b>(2.70) %</b>	<b>\$ 46,707,682</b>	<b>\$ 40,071,783</b>	<b>16.56 %</b>	<b>\$ 105,596,770</b>	<b>\$ 100,594,933</b>	<b>4.97 %</b>
Syracuse Mile	2,089,132	2,098,377	(0.44)	178,236	25,605	996.09	2,267,368	2,123,982	6.75
<b>TOTAL IN STATE HARNESS</b>	<b>\$ 531,858,617</b>	<b>\$ 563,048,647</b>	<b>(5.54) %</b>	<b>\$ 401,940,094</b>	<b>\$ 362,678,134</b>	<b>10.88 %</b>	<b>\$ 933,798,711</b>	<b>\$ 925,526,781</b>	<b>0.89 %</b>
<b>OUT OF STATE Special Events</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-0-</b>	<b>16,434</b>	<b>N/A</b>	<b>---</b>	<b>16,434</b>	<b>N/A</b>
<b>TOTAL HARNESS</b>	<b>\$ 531,858,617</b>	<b>\$ 563,048,647</b>	<b>(5.54) %</b>	<b>\$ 401,940,094</b>	<b>\$ 362,694,568</b>	<b>10.88 %</b>	<b>\$ 933,798,711</b>	<b>\$ 925,543,215</b>	<b>0.89 %</b>
<b>QUARTER HORSE</b>									
Suffolk Meadows	\$ 10,343,705	---	N/A	1,336,764	---	N/A	11,680,469	---	N/A
<b>TOTAL COMBINED HANDLE</b>	<b>\$ 1,596,315,799</b>	<b>\$ 1,596,187,321</b>	<b>1.33 %</b>	<b>\$ 1,756,754,080</b>	<b>\$ 1,574,729,336</b>	<b>11.55 %</b>	<b>\$ 3,353,069,879</b>	<b>\$ 3,170,916,657</b>	<b>5.81 %</b>

COMPARISON OF HANDLE AND ATTENDANCE

	HANDLE						ATTENDANCE			
	Programs Raced		AMOUNT		Increase		AMOUNT		Increase	
	1986	1985	1986	1985	(DECREASE)	Percent	1986	1985	(DECREASE)	Percent
On-Track	169	165	\$471,247,548	\$465,842,756	\$5,404,792	1.16	2,197,186	2,238,639	(41,453)	(1.85)
	117	119	\$348,610,856	\$378,183,078	(\$29,572,222)	(7.82)	1,819,045	2,011,008	(191,963)	(9.55)
	24	24	\$76,030,872	\$76,209,836	(\$178,964)	(0.23)	704,327	690,273	14,054	2.04
On-Track Total	310	308	\$895,889,276	\$920,235,670	(\$24,346,394)	(2.65)	4,720,558	4,939,920	(219,362)	(4.44)
Simulcasts of N.Y.R.A. at:										
	24	24	\$28,341,647	\$31,369,612	(\$3,027,965)	(9.65)	151,760	158,928	(7,168)	(4.51)
	9	282	\$127,161	\$5,577,699	(\$5,450,538)	(97.72)	35,669	35,669	(0)	0.00
	114	135	\$9,189,374	\$9,823,826	(\$634,452)	(6.46)	52,511	60,472	(7,961)	(13.16)
	287	194	\$16,597,700	\$17,220,227	(\$622,527)	(3.62)	170,202	166,467	3,735	2.24
	242		\$56,700,458				170,202			
Simulcast Totals	676	655	\$110,956,340	\$63,991,364	\$46,964,976	73.39	699,729	421,536	278,193	66.00
R.A. On-Track & Simulcast	310	308	\$1,006,845,616	\$984,227,034	\$22,618,582	2.30	5,420,287	5,361,456	58,831	1.10
Las Vegas	162	161	\$49,267,861	\$48,911,640	\$356,221	0.73	444,590	447,132	(2,542)	(0.57)
TRACKS COMBINED	472	469	\$1,056,113,477	\$1,033,138,674	\$22,974,803	2.22	5,864,877	5,808,588	56,289	0.97
Raceway	183	174	\$174,836,797	\$186,211,503	(\$11,374,706)	(6.11)	835,474	968,534	(133,060)	(13.74)
away	182	163	\$172,044,907	\$186,917,924	(\$14,873,017)	(7.96)	764,665	871,719	(107,054)	(12.28)
nd Roosevelt/Yonkers	365	337	\$346,881,704	\$373,129,427	(\$26,247,723)	(7.03)	1,600,139	1,840,253	(240,114)	(13.05)
o Raceway	209	192	\$53,871,039	\$52,918,831	\$952,208	1.80	435,026	443,997	(8,971)	(2.02)
Raceway	188	187	\$35,476,147	\$38,566,022	(\$3,089,875)	(8.01)	436,765	482,680	(45,915)	(9.51)
ms	161	160	\$34,651,557	\$35,812,840	(\$1,161,283)	(3.24)	410,092	432,041	(21,949)	(5.08)
ons	151	141	\$30,192,027	\$31,570,889	(\$1,378,862)	(4.37)	298,638	313,709	(15,071)	(4.80)
away	133	141	\$28,697,011	\$28,952,261	(\$255,250)	(0.88)	267,054	273,799	(6,745)	(2.46)
nd Batavia/Buffalo	284	282	\$58,889,038	\$60,523,150	(\$1,634,112)	(2.70)	565,692	587,508	(21,816)	(3.71)
file	7	7	\$2,089,132	\$2,098,377	(\$9,245)	(0.44)	21,393	21,946	(553)	(2.52)
TRACKS COMBINED	1,214	1,165	\$531,858,617	\$563,048,647	(\$31,190,030)	(5.54)	3,469,107	3,808,425	(339,318)	(8.91)
ms										
ons	86		\$10,343,705				168,879			
S COMBINED	1,772	1,634	\$1,598,315,799	\$1,596,187,321	\$2,128,478	0.13	9,502,863	9,617,013	(283,029)	(2.94)



1986 OFF-TRACK BETTING TOTAL HANDLE BY TRACK AND REGION

	NEW YORK CITY	MASSAU	SUFFOLK	CATSKILL	CAPITAL	WESTERN	TOTAL CORPORATIONS
<b>THOROUGHBRED</b>							
N.Y.R.A.							
Aqueduct	\$372,623,805	\$ 68,833,945	\$ 61,889,126	\$ 41,023,199	\$ 69,535,007	\$ 48,513,098	\$ 662,418,180
Belmont	263,425,280	42,213,967	42,843,030	26,922,477	44,796,366	20,260,811	440,461,931
Saratoga	55,117,269	9,734,251	9,297,382	5,584,559	14,538,981	4,059,983	98,332,425
N.Y.R.A. Total	691,166,354	120,782,163	114,029,538	73,530,235	128,870,354	72,833,892	1,201,212,536
Finger Lakes	7,289,605	1,199,261	1,321,333	3,594,127	19,417,206	42,293,499	75,115,031
Total In-State Thoroughbred	698,455,959	121,981,424	115,350,871	77,124,362	148,287,560	115,127,391	1,276,327,567
Out-of-State Thoroughbred	49,473,835	6,628,764	5,001,017	4,871,783	6,087,356	5,086,900	77,149,655
<b>TOTAL THOROUGHBRED HANDLE</b>	<b>\$747,929,794</b>	<b>\$128,610,188</b>	<b>\$120,351,888</b>	<b>\$ 81,996,145</b>	<b>\$154,374,916</b>	<b>\$120,214,291</b>	<b>\$1,353,477,222</b>
<b>HARNESS</b>							
Roosevelt Raceway	100,409,384	14,051,376	19,418,705	17,536,273	4,662,288	522,770	156,600,796
Yonkers Raceway	83,355,627	19,707,689	25,180,894	14,252,637	9,548,031	958,203	153,003,081
R/Y subtotal	183,765,011	33,759,065	44,599,599	31,788,910	14,210,309	1,480,973	309,603,877
Monticello Raceway	14,108,614	2,656,054	2,011,898	3,705,960	335,710	28,415	22,846,651
Saratoga Raceway	---	---	---	---	15,821,829	---	15,821,829
Vernon Downs	---	---	---	---	5,400,562	1,381,257	6,781,819
Batavia Downs	---	---	---	---	1,230,431	23,463,984	24,694,415
Buffalo Raceway	---	---	---	---	1,516,450	20,496,817	22,013,267
Bat./Buf. subtotal	---	---	---	---	2,746,881	43,960,801	46,707,682
Syracuse Mile	---	---	---	---	57,947	120,289	178,236
<b>TOTAL HARNESS</b>	<b>\$197,873,625</b>	<b>\$ 36,415,119</b>	<b>\$ 46,611,497</b>	<b>\$ 35,494,870</b>	<b>\$ 38,573,248</b>	<b>\$ 46,971,735</b>	<b>\$ 401,940,094</b>
<b>QUARTERHORSE</b>							
Suffolk Meadows	---	\$ 277,651	\$ 87,037	---	\$ 461,093	\$ 510,983	\$ 1,336,764
<b>TOTAL OFF-TRACK HANDLE</b>	<b>\$945,803,419</b>	<b>\$165,302,958</b>	<b>\$167,050,422</b>	<b>\$117,491,015</b>	<b>\$193,409,257</b>	<b>\$167,697,009</b>	<b>\$1,756,754,080</b>



PARI-MUTUEL HANDLE AT SIMULCAST LOCATIONS IN NEW YORK STATE (1986 - 1985) (Part 2)

RACES

	Saratoga Raceway		Batavia/Bufalo		Suffolk Meadows	
	1986	1985	1986	1985	1986	1985
Aqueduct	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Yonkers Raceway	---	---	---	---	---	---
Saratoga Raceway	---	---	---	---	---	---
Finger Lakes	---	---	---	---	---	---
Buffalo Raceway	---	---	---	---	---	---
Total	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
N Y City OTB	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Massau OTB	---	---	---	---	230,000	---
Suffolk OTB	---	---	---	---	---	---
Catakill OTB	---	---	---	---	---	---
Capital OTB	5,200,000	5,001,645	780,000	---	200,000	---
Western OTB	---	---	6,400,000	---	450,000	---
Total	\$ 5,200,000	\$ 5,001,645	\$ 7,180,000	\$ ---	\$ 880,000	\$ ---
N Y City OTB	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Suffolk OTB	---	---	---	---	---	---
Capital OTB	3,800,000	146,153	120,000	---	120,000	---
Total	\$ 3,800,000	\$ 146,153	\$ 120,000	\$ ---	\$ 120,000	\$ ---
STATEWIDE TOTAL	\$ 9,000,000	\$ 5,147,798	\$ 7,300,000	\$ ---	\$ 1,000,000	\$ ---

1986

NEW YORK RACING ASSOCIATION SIMULCASTS TO OTHER NEW YORK TRACKS

NYRA Betting At	SARATOGA RACEWAY		BUFFALO RACEWAY		FINGER LAKES		YONKERS RACEWAY		COMBINED TOTALS	
	1/1 - 12/31	% Average	8/8 - 8/17	% Average	1/1 - 12/31	% Average	3/24 - 12/31	% Average	1/1 - 12/31	% Average
Dates	286		9		114		262		296 - NYRA Days	
Days Raced	286		No Record		114		262		296 - NYRA Days	
Attendance	169,622	593			52,566	461	325,256	1,344	547,444	1,849
<b>HANDLE</b>	<b>Amount</b>	<b>% Average</b>	<b>Amount</b>	<b>% Average</b>	<b>Amount</b>	<b>% Average</b>	<b>Amount</b>	<b>% Average</b>	<b>Amount</b>	<b>% Average</b>
Regular	\$ 5,326,221	33.46	\$ 45,266	35.60	\$ 2,138,662	23.28	\$ 18,091,747	31.92	\$ 25,801,896	31.27
Multiple	9,326,000	56.46	66,804	52.53	6,009,118	65.39	33,777,531	59.59	49,179,453	59.60
Exotic	1,423,585	8.62	16,481	11.39	872,218	9.49	3,865,374	6.82	6,175,658	7.48
Super Exotic	241,576	1.46	610	.48	169,376	1.84	945,806	1.67	1,357,268	1.65
<b>Total Handle</b>	<b>\$16,317,282</b>	<b>100%</b>	<b>\$127,161</b>	<b>100%</b>	<b>\$9,189,374</b>	<b>100%</b>	<b>\$56,680,458</b>	<b>100%</b>	<b>\$82,514,275</b>	<b>100%</b>
<b>SHARING OF HANDLE</b>										
State Tax	\$ 301,640	1.82	\$ 2,435	1.93	\$ 150,838	1.64	\$ 1,228,694	2.17	\$ 1,683,627	2.04
Breeders Fund	82,584	.50	636	.50	45,947	.50	283,400	.50	412,567	.50
NYRA	1,064,804	6.45	9,310	7.32	562,745	6.13	3,672,019	6.48	5,308,878	6.43
Receiving Track	1,577,572	9.55	11,354	8.93	928,503	10.10	5,138,368	9.06	7,655,797	9.28
Total Commission/Breakage	\$ 3,026,600	18.32	\$ 23,735	18.68	\$ 1,688,033	18.37	\$ 10,322,481	18.21	\$ 15,060,869	18.25
Trackers Share	13,490,582	81.68	103,406	81.32	7,501,341	81.63	46,357,977	81.79	67,453,406	81.75
<b>HANDLE</b>	<b>\$16,317,282</b>	<b>100%</b>	<b>\$127,161</b>	<b>100%</b>	<b>\$9,189,374</b>	<b>100%</b>	<b>\$56,680,458</b>	<b>100%</b>	<b>\$82,514,275</b>	<b>100%</b>
% Of Combined Handle	20.02%		0.15%		11.14%		68.69%		100%	
Average Bet Per Capita	\$97				\$175		\$174		\$150	

Consistent with the treatment by the Department of Taxation and Finance, Kentucky, Derby and Preakness betting, \$135,681 for Saratoga Raceway and \$187,859 for Yonkers Raceway, are included in the total handles. NYRA's shares of commissions reflect only the simulcast betting on NYRA races.

1986

NEW YORK RACING ASSOCIATION SIMULCAST TO OTHER TRACK CORPORATIONS

INDIVIDUAL TRACK OPERATING SCHEDULES, PURSE ALLOCATIONS AND PROFITS AND LOSSES

	SARATOGA RACEWAY		BUFFALO RACEWAY		FINGER LAKES		YONKERS RACEWAY		NYRA		COMBINED TOTALS
	Amount	Average	Amount	Average	Amount	Average	Amount	Average	Amount	Average	
Track Commission and Breakage	\$1,577,572	\$5,516	\$11,354	\$1,262	\$928,503	\$8,145	\$5,138,368	\$21,233	\$5,308,878	\$17,935	\$12,964,675
Other Operating Revenue	120,347	421			69,526	610	483,294	4,997			673,167
Total Simulcast Revenue	\$1,697,919	\$5,937	\$11,354	\$1,262	\$998,029	\$8,755	\$5,621,662	\$23,230	\$5,308,878	\$17,935	\$13,637,842
Total Meet Expenses	(1,147,155)	(4,011)	(24,544)	(2,727)	(432,513)	(3,794)	(2,626,739)	(10,854)			(4,230,951)
Profit Before Purses	\$ 550,764	\$11,926	(\$13,190)	(\$1,465)	\$565,516	\$4,961	\$2,994,923	\$12,376	\$5,308,878	\$17,935	\$ 9,406,891
Allocated to Purses	( 140,335)	( 491)	( 1,272)	( 141)	( 68,920)	( 605)	( 421,834)	( 1,743)	(2,654,439)	( 8,968)	( 3,286,800)
Simulcast Meet Profit Before Taxes	\$ 410,429	\$ 1,435	(\$14,462)	(\$1,606)	\$496,596	\$4,356	\$2,573,089	\$10,633	\$2,654,439	(\$ 8,967)	\$ 6,120,091
Simulcast Days		286		9		114		242		296	
Track Profit (Loss) as % of Combined Profit	6.71%		(0.24%)		8.12%		42.04%		43.37%		100%

The 296 simulcast days indicated for the NYRA column represents the number of NYRA racing days on which one or more of the four other tracks received NYRA races. The allocations to purses as shown for the receiving tracks were to each track's own racing. NYRA horsemen benefited by the \$2,654,439 shown in the NYRA column.

RACING AND WAGERING BOARD

SIMULCASTING REPORT FOR 1986

ON-TRACK SIMULCASTS NYRA RACING  
For Simulcast Receiving Tracks

5 Year Comparison of Combined On-Track and  
Simulcast Handles and Racing Days

<u>BUFFALO RACEWAY</u>	<u>On-Track Own Racing</u>		<u>On-Track Simulcast NYRA Racing</u>		<u>Combined Handle</u>
	<u>Days</u>	<u>Handle</u>	<u>Days</u>	<u>Handle</u>	
1982	152	\$39,090,349	-----		\$39,090,349
Decrease 1983		( 3,392,785)			( 3,392,785)
1983	143	\$35,697,564	-----		\$35,697,564
(Decrease)Increase 1984		( 3,985,708)		\$1,011,609	( 2,974,099)
1984	144	\$31,711,866	23	\$1,011,609	\$32,723,465
(Decrease)Increase 1985		( 2,759,595)		4,546,090	1,786,495
1985	141	\$28,950,261	155	\$5,557,699	\$34,509,960
(Decrease) 1986		( 255,250)		( 5,430,538)	( 5,685,788)
1986	133	\$28,697,011	9	\$ 127,161	\$28,824,172

FINGER LAKES

1982	153	\$53,337,049	-----		\$53,337,049
Decrease 1983		( 731,945)			( 731,945)
1983	152	\$52,605,104	-----		\$52,605,104
(Decrease)Increase 1984		( 1,063,014)		\$1,466,435	403,421
1984	151	\$51,542,090	23	\$1,466,435	\$53,008,525
Decrease 1985		( 2,630,450)		8,357,391	5,726,941
1985	161	\$48,911,640	194	\$9,823,826	\$58,735,466
Increase(Decrease) 1986		342,268		( 634,452)	( 292,184)
1986	161	\$49,253,908		\$9,189,374	\$58,443,282

SARATOGA RACEWAY

1982	218	\$45,817,680	-----		\$45,817,680
Decrease 1983		( 1,016,621)			( 1,016,621)
1983	203	\$44,801,059	-----		\$44,801,059
Increase 1984		1,444,342		\$ 6,159,825	7,604,167
1984	221	\$46,245,401	108	\$ 6,159,825	\$52,405,226
(Decrease)Increase 1985		( 7,679,379)		11,060,402	3,381,023
1985	187	\$38,566,022	282	\$17,220,227	\$55,786,249
Decrease 1986		( 3,249,412)		( 702,945)	( 3,952,357)
1986	187	\$35,316,610	286	\$16,517,282	\$51,833,892

(1986-NYRA Simulcast racing includes \$135,681 for Kentucky Derby and Preakness)

YONKERS RACEWAY

1982	156	\$197,947,426			\$197,947,426
Increase 1982		5,251,700			5,251,700
1983	155	\$203,199,126			\$203,199,126
Decrease 1983		( 25,391,041)			( 25,391,041)
1984	154	\$177,808,085			\$177,808,085
Increase 1984		9,109,839			9,109,839
1985	163	\$186,917,924			\$186,917,924
(Decrease)Increase 1985		( 14,873,827)		\$56,680,458	41,806,631
1986	182	\$172,044,097	242	\$56,680,458	\$228,724,555

(1986-NYRA Simulcast racing includes \$187,859 for Kentucky Derby and Preakness)

## NEW YORK RACING ASSOCIATION

## 1986 SARATOGA THOROUGHBRED SIMULCAST TRANSMISSION TO AQUEDUCT

Dates Raced July 30 through August 25, 1986

Days	24	<u>Average Per Day</u>	<u>% Of Hand</u>
Attendance	150,455	6,268	

## HANDLE:

	<u>AMOUNT</u>	
Regular	\$ 8,961,879	31.93%
Multiple	17,015,735	60.62
Exotic	1,733,111	6.17
Super Exotic	359,644	1.28
Total Handle at Aqueduct	<u>\$28,070,369</u>	<u>100%</u>

## STATUTORY DIVISION OF HANDLE:

State Tax	\$ 768,415	\$ 32,017	2.74%
Breeders Fund	140,352	5,848	.50
Track Share	4,158,016	173,251	14.81
Takeout	<u>\$ 5,066,783</u>	<u>\$ 211,116</u>	<u>18.05%</u>
Bettors Shares	23,003,586	958,483	81.95
Handle	<u>\$28,070,369</u>	<u>\$1,169,599</u>	<u>100%</u>

Average Bet Per Capita \$187

Comparison of Handle and Attendance - Saratoga Simulcast to Aqueduct

	<u>Days</u>	<u>Handle</u>	<u>Average Per Day</u>	<u>% Change</u>
<u>1984</u> Aug. 1 - Aug. 27	24	\$28,288,175	\$1,178,674	--
Increase 1984		<u>3,081,437</u>	<u>128,393</u>	10.89%
<u>1985</u> July 31 - Aug. 26	24	\$31,369,612	\$1,307,067	
Decrease 1986		<u>( 3,299,243)</u>	<u>( 137,468)</u>	(10.52%)
<u>1986</u> July 30 - Aug. 25	24	\$28,070,369	\$1,169,599	

SCHEDULE OF SIMULCAST REVENUES, EXPENSES AND PROFIT - NYRA

Track Share of Commission And Breakage Net of Statutory Payments	\$4,15
Other Operating Revenues	26
Total Revenues	<u>\$4,41</u>
Statutory Allocation for NYRA Purses	(\$1,03
Other Operating Expenses	( 1,37
<u>Profit</u> In NYRA Results as Supplemental Franchise Fee	<u>\$2,01</u>

See the five year comparison of on-track handles at Saratoga NYCOTB on the next page. In addition, the first year of Saratoga's sim to Yonkers Raceway generated a handle of \$7,095,513 in 1986.

ANALYSIS OF SARATOGA (THOROUGHBRED) MEETS  
of the New York Racing Association

5 Year Comparisons of Handle and Attendance - Totals, Daily Averages and Increases and Decreases

DATES	ON-TRACK HANDLE AT SARATOGA				ATTENDANCE			
	DAYS	TOTAL FOR MEET	AVERAGE PER DAY	% CHANGE	TOTAL FOR MEET	AVERAGE PER DAY	% CHANGE	
		AMOUNT	AMOUNT	% CHANGE	AMOUNT	AMOUNT	% CHANGE	
1982 July 8 - Aug. 30	27	\$75,030,083	\$2,778,892		724,167	26,821		
Increase (Decrease) - 1983		( 3,584,410)	198,011	7.13%	( 43,890)	1,524	5.68%	
1983 July 27 - Aug. 22	24	\$71,445,673	\$2,976,903		680,277	28,345		
Increase (Decrease) - 1984		1,735,850	72,327	2.43%	( 15,515)	( 647)	(2.28%)	
1984 Aug. 1 - Aug. 27	24	\$73,181,523	\$3,049,230		664,762	27,698		
Increase - 1985		3,028,313	126,180	4.14%	25,511	1,063	3.84%	
1985 July 31 - Aug. 26	24	\$76,209,836	\$3,175,410		690,273	28,761		
Increase (Decrease) 1985		( 178,964)	( 7,457)	(0.23%)	14,054	585	2.04%	
1986 July 30 - Aug. 25	24	\$76,030,872	\$3,167,953		704,327	29,346		

NEW YORK CITY OTB

SARATOGA THOROUGHBRED RACING - 5 YEAR COMPARISON

	NYC OTB HANDLE		DAYS RACED	AVERAGE PER DAY	
	AMOUNT	% CHANGE		AMOUNT	% CHANGE
1982 July 8 - Aug. 30	\$63,520,579		27	\$2,352,614	
Decrease 1983	( 7,346,282)			( 12,018)	(.51%)
1983 July 27 - Aug. 22	\$56,174,297		24	\$2,340,596	
Decrease 1984	( 1,898,470)			( 79,103)	(3.38%)
1984 Aug. 1 - Aug. 27	\$54,275,827		24	\$2,261,493	
Decrease 1985	( 840,143)			( 35,006)	
1985 July 3 - Aug. 26	\$53,435,684		24	\$2,226,487	(1.55%)
Increase 1986	1,681,585			70,066	
1986 July 30 - Aug. 25	\$55,117,269		24	\$2,296,553	3.15%