New York State Gaming Commission

PROPOSED RULE MAKING NO HEARING(S) SCHEDULED

Licensing of Owners in Thoroughbred Racing

I.D. No. SGC-39-26-00023-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: Amendment of section 4026.3 of Title 9 NYCRR.

Statutory authority: Racing, Pari-Mutuel Wagering and Breeding Law, sections 104(1), (19) and 220(1)

Subject: Licensing of owners in Thoroughbred racing.

Purpose: To establish criteria for licensing horse owners in Thorougbred racing.

Text of proposed rule: § 4026.3. Nonmanaging ownership.

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(b) Nonmanaging owners—licensing. No horse shall be entered or started by such horse's managing owner that is owned by [35] *20* or [less] *fewer* owners, unless all of the owners are licensed, or, if owned by more than [35] *20* owners, unless each individual having a [three] *five* percent or greater property interest is licensed as an owner by the commission. In addition, each such owner that is not an individual must be registered and licensed with the commission, and all such entity's officers, directors, trustees or other managing individuals must be licensed by the commission unless otherwise directed by the commission. The commission may also require any other individual involved in ownership to be licensed at any time [it] *the commission* may deem desirable. The commission or the State steward, for good cause, may waive any of such requirements for a race. In no event, however, may a horse start, if the license of any such individual has been denied, suspended or revoked, until the commission is satisfied that any withdrawal of such individual or transfer of such individual's interest is in good faith.

Text of proposed rule and any required statements and analyses may be obtained from: Kristen Buckley, New York State Gaming Commission, 354 Broadway Center, PO Box 7500, Schenectady, NY 12305, (518) 388-3332, email: gamingrules@gaming.ny.gov

Data, views or arguments may be submitted to: Same as above.

Public comment will be received until: 60 days after publication of this notice.

This rule was not under consideration at the time this agency submitted its Regulatory Agenda for publication in the Register.

Regulatory Impact Statement

1. STATUTORY AUTHORITY: The New York State Gaming Commission ("Commission") is authorized to promulgate the proposed rule by Racing, Pari-Mutuel Wagering and Breeding Law ("Racing Law") Sections 104(1) and (19) and 220(1).

Subdivision (1) of Section 104 confers upon the Commission general jurisdiction over all gaming activities within the State and over the corporations, associations and persons engaged in such activities. Subdivision (19) of Section 104 authorizes the Commission to promulgate any rules and regulations that it deems necessary to carry out its responsibilities.

Subdivision (1) of Section 220 authorizes the Commission to regulate licensing of participants in Thoroughbred racing.

2. LEGISLATIVE OBJECTIVES: To enable the Commission to enhance the integrity and safety of Thoroughbred horse racing and generate reasonable revenue for the support of government.

3. NEEDS AND BENEFITS: This rule making proposes to adjust the criteria under which non-managing owners of horses in Thoroughbred racing are required to be licensed by the Gaming Commission. Currently, each non-managing owner must be licensed when there are 35 or fewer owners and when an owner has a three percent or more interest, when there are more than 35 owners. This proposal would change those thresholds to, instead, require licensure of each owner only when there are 20 or fewer owners or an owner has a five percent or more interest, when there are more than 20 owners. The five-percent threshold is modeled after the Association of Racing Commissioners International Model Rule and is a standard that many other racing jurisdictions, such as Kentucky, Maryland and Ohio, use. Adjusting the threshold for licensing is expected to reduce administrative burden without compromising the integrity of racing.

4. COSTS:

(a) Costs to regulated parties for the implementation and continuing compliance with the rule: None.

(b) Costs to the regulating agency, the State, and local governments for the implementation and continued administration of the rule: No additional operating costs are anticipated as a result of the proposed rule.

(c) The information, including the source or sources of such information, and methodology upon which the cost estimate is based: The cost estimates are based on the Commission's experience with regulating Thoroughbred racing.

5. LOCAL GOVERNMENT: None. The Commission is the only governmental entity authorized to regulate Thoroughbred racing activities.

6. PAPERWORK: The proposed rule would reduce paperwork requirements.

7. DUPLICATION: The proposed regulation does not duplicate any existing State or federal requirements of the same or similar subject matter.

8. ALTERNATIVES: The Commission could continue the current rules or employ different thresholds for licensure. The threshold used in the Association of Racing Commissioners International Model Rule was deemed to be sufficient.

9. FEDERAL STANDARDS: There are no federal standards applicable to this aspect of Thoroughbred racing.

10. COMPLIANCE SCHEDULE: The Commission anticipates that affected parties will be able to achieve compliance with these rules upon publication of the Notice of Adoption in the State Register.

Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

The proposed rule making will amend the rules governing the circumstances under which non-managing owners require a license from the Gaming Commission. These amendments will not have any adverse impact on small businesses, local governments, jobs or rural areas.

The proposed rulemaking does not affect local governments and will not harm small businesses in New York State.

When adopted, the rule will apply uniformly throughout the State, and it will impose no adverse impact on rural areas.

This rule making will not limit or decrease job opportunities.

Because the proposed rulemaking will not adversely impact small businesses, local governments, jobs or rural areas, a full Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement are not required and have not been prepared.

PROPOSED RULE MAKING NO HEARING(S) SCHEDULED

Coupling in Thoroughbred Racing

I.D. No. SGC-39-26-00024-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: Amendment of section 4025.10 of Title 9 NYCRR.

Statutory authority: Racing, Pari-Mutuel Wagering and Breeding Law, sections 104(1), (19) and 235(1)

Subject: Coupling in Thoroughbred racing.

Purpose: To enhance wagering interest in Thorougbred racing.

Text of proposed rule: Section 4025.10 of 9 NYCRR would be amended to read as follows:

§ 4025.10. Limitations on entries.

* * *

(b) Coupling.

(1) Horses that have the same individual present in the managing ownership of the horses, that share a 25 percent commonality in ownership or that share a common trainer are related horses for purposes of this section.

(2) Related horses [may] *shall not* be coupled as a single betting interest in a race, unless paragraph [(6)] *(3)* of this subdivision applies.

(3) [If more than two horses in a race are related horses, such horses shall be coupled as a single betting interest in such race, unless paragraph (6) of this subdivision applies.

(4)] The State steward may require any related horses entered in a race to be coupled as a single betting interest in a race prior to the commencement of wagering on-track and off-track, if such steward, in such steward's discretion, finds it necessary in the public interest.

[(5)] *(4)* If related horses are not coupled, the racetrack operator shall take such actions as are necessary to inform the public adequately with regard to the common ownership and/or trainer [that would otherwise

make] *of* such horses [eligible to be coupled as a single betting interest pursuant to this subdivision].

[(6) No entry shall be coupled by reason of common ownership or training in any stakes race in which the gross purse is $50,000 or more, provided, however, that paragraph (4) of this subdivision shall apply in any such race. In any race subject to the provisions of this paragraph, the racing secretary shall have the authority to establish a mutuel field and coupled entries in any race with more than 14 starters.

(7)] *(5)* All horses trained or ridden by a spouse, parent, issue or member of a jockey's household shall not be considered related horses for the purposes of this subdivision.

[(c) Entries if related horses would exclude another horse. Up to two related horses are permitted to be drawn into any overnight race, or on the also-eligible list, provided, however, that two related horses shall not start to the exclusion of a single horse.]

Text of proposed rule and any required statements and analyses may be obtained from: Kristen Buckley, New York State Gaming Commission, 354 Broadway Center, PO Box 7500, Schenectady, NY 12305, (518) 388-3332, email: gamingrules@gaming.ny.gov

Data, views or arguments may be submitted to: Same as above.

Public comment will be received until: 60 days after publication of this notice.

This rule was not under consideration at the time this agency submitted its Regulatory Agenda for publication in the Register.

Regulatory Impact Statement

1. STATUTORY AUTHORITY: The New York State Gaming Commission ("Commission") is authorized to promulgate the proposed rule by Racing, Pari-Mutuel Wagering and Breeding Law ("Racing Law") Sections 104(1), (19) and 235(1).

Subdivision (1) of Section 104 confers upon the Commission general jurisdiction over all gaming activities within the State and over the corporations, associations and persons engaged in such activities. Subdivision (19) of Section 104 authorizes the Commission to promulgate any rules and regulations that it deems necessary to carry out its responsibilities.

Subdivision (1) of Section 235 authorizes the Commission to make rules regulating the conduct of pari-mutuel wagering.

2. LEGISLATIVE OBJECTIVES: To enable the Commission to enhance the integrity of Thoroughbred horse racing and generate reasonable revenue for the support of government.

3. NEEDS AND BENEFITS: This rule making proposes to amend the Commission's regulations to not require coupling of horses for wagering purposes unless the State steward finds it necessary to do so in the public interest. Coupling is the combining of two or more horses in a race into a single betting interest, so that a bettor who wagers on such interest wins the bet if any of the coupled horses satisfies the bet condition (for example, to win, place or show). Historically, when horses had common ownership or a common trainer, coupling was thought to protect bettors on a weaker horse in the group, because the common owner or trainer might set up the race strategy to sacrifice the interest of the weaker horse in the grouping to the benefit of a stronger horse in the grouping. By requiring coupling, regulators permit the bettor to win a bet if any horse in the grouping satisfies the bet condition. Yet coupling requirements also reduce the number of betting interests in a race, and races with fewer betting interests are less appealing to the wagering public, thereby reducing revenue opportunity for the betting platforms and, indirectly, to government.

Regulated parties, including the New York Racing Association, Inc., Finger Lakes Racetrack, The New York Thoroughbred Horsemen's Association and The New York Thoroughbred Breeders, Inc., have expressed to Commission staff that they support the elimination of coupling rules. Those supporting elimination contend that loosening coupling rules would increase betting interest and handle. They state that less restrictive coupling rules have been implemented successfully in other racing jurisdictions, such as California, Illinois, Kentucky, New Jersey, Maryland and others, and that race-integrity concerns can be addressed as they arise through close analysis of stored video files of races. For example, the Commission promulgated the current Rule 4025.10(g) in 2015, which eliminated mandatory coupling in any stakes race with a purse of $50,000 or more.

In 2025, the Commission continued with its measured approach in amending the coupling rules by limiting the number of uncoupled entries with common ties in races to no more than two, continuing to empower the State steward to exercise discretion to couple when in the public interest, requiring the wager acceptor to provide adequate notice to the betting public concerning such entries and maintaining the current rule that limits the number (at two) of horses trained by the same trainer that may be drawn into a race to the exclusion of another horse. Commission staff studied the effect of the 2025 rule amendment and identified no systemic integrity risk to racing as a result of the change in coupling requirements.

The Commission believes that adoption of this rule making, by relaxing the requirement to couple horses, will enhance the ability to offer races with more betting interest, which will be appealing to the wagering public and enhance revenue, while continuing to protect bettors by requiring disclosure of related horses to the public. The State steward would retain the discretion to require coupling in any circumstances in which such steward concludes coupling is necessary in the public interest, which should continue to protect the interests of the wagering public in unusual or unforeseen circumstances in a particular race.

4. COSTS:

(a) Costs to regulated parties for the implementation and continuing compliance with the rule: None. No costs are imposed on any regulated entity as a result of the proposal.

(b) Costs to the regulating agency, the State, and local governments for the implementation and continued administration of the rule: No additional operating costs are anticipated as a result of the proposed rule.

(c) The information, including the source or sources of such information, and methodology upon which the cost estimate is based: The cost estimates are based on the Commission's experience with regulating Thoroughbred racing.

5. LOCAL GOVERNMENT: None. The Commission is the only governmental entity authorized to regulate Thoroughbred racing activities.

6. PAPERWORK: The proposed rule imposes no changes in paperwork requirements.

7. DUPLICATION: The proposed regulation does not duplicate any existing State or federal requirements of the same or similar subject matter.

8. ALTERNATIVES: The Commission could continue the current rules. This alternative was rejected because the proposed rule would more effectively increase the number of betting interests in a race, and thereby potentially increase betting handle, while continuing to promote transparency of information to the betting public without compromising the integrity of the races.

9. FEDERAL STANDARDS: There are no federal standards applicable to this aspect of Thoroughbred racing.

10. COMPLIANCE SCHEDULE: The Commission anticipates that affected parties will be able to achieve compliance with these rules upon publication of the Notice of Adoption in the State Register.

Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement

The proposed rule making will amend the rules governing the circumstances under which horses must be coupled as a single betting interest in Thoroughbred horse racing. These amendments will not have any adverse impact on small businesses, local governments, jobs or rural areas.

The proposed rulemaking does not affect local governments and will not harm small businesses in New York State.

When adopted, the rule will apply uniformly throughout the State, and it will impose no adverse impact on rural areas.

This rule making will not limit or decrease job opportunities.

Because the proposed rulemaking will not adversely impact small businesses, local governments, jobs or rural areas, a full Regulatory Flexibility Analysis, Rural Area Flexibility Analysis and Job Impact Statement are not required and have not been prepared.

PROPOSED RULE MAKING
NO HEARING(S) SCHEDULED

Cash 4 Life Lottery Game

I.D. No. SGC-39-26-00032-P

PURSUANT TO THE PROVISIONS OF THE State Administrative Procedure Act, NOTICE is hereby given of the following proposed rule:

Proposed Action: Repeal of section 5007.15 of Title 9 NYCRR.

Statutory authority: Racing, Pari-Mutuel Wagering and Breeding Law, section 104(19); and Tax Law, section 1604(a)

Subject: Cash 4 Life lottery game.

Purpose: To repeal rules governing the Cash 4 Life lottery draw game, which is no longer offered.

Text of proposed rule: Section 4025.10 of 9 NYCRR would be amended to read as follows:

§ 4025.10. Limitations on entries.

* * *

(b) Coupling.

(1) Horses that have the same individual present in the managing ownership of the horses, that share a 25 percent commonality in ownership or that share a common trainer are related horses for purposes of this section.