

STATE RACING AND WAGERING BOARD

MISSION

The State Racing and Wagering Board regulates all legalized gambling activities in New York except those regulated by the State Lottery. Horse racing, off-track betting (OTB) and Indian casino gaming are directly regulated by the Board. The responsibility for oversight of bingo and other permitted games of chance conducted by religious and not-for-profit organizations is shared with municipalities, which collect license fees and ensure that the Board's rules and regulations are followed.

ORGANIZATION AND STAFFING

A three-member Board oversees agency activities. The Governor appoints each member to a six-year term with the consent of the Senate.

The Chair's office is located in New York City and central office staff is stationed in Schenectady. The Board employs on-site inspectors at the Oneida Indians' Turning Stone Casino in Verona, Oneida County; the Mohawk Indians' Akwesasne Mohawk Casino in Hogansburg, Franklin County; the Seneca Nation's Seneca Niagara Casino in Niagara Falls, Seneca Buffalo Creek Casino in Buffalo, and Seneca Alleghany Casino in Salamanca. Temporary and full-time employees oversee horse racing at New York's four thoroughbred race tracks – Aqueduct, Belmont, Saratoga and Finger Lakes – and seven harness tracks – Buffalo, Monticello, Saratoga, Tioga Downs, Vernon Downs, Batavia Downs and Yonkers. The State Racing and Wagering Board staff will be supported by revenues generated by the racing industry, Indian casinos and charitable gaming activities.

BUDGET HIGHLIGHTS

The Executive Budget recommends **\$24.8 million** All Funds for the State Racing and Wagering Board, an **increase of \$2.3 million (10 percent)**, over the 2010-11 budget. This increase is primarily attributable to costs of equine drug testing. Operations of the Board are financed from fees collected from the racing and gaming industries. Over the past several years, the combination of declining horse race wagering and steadily increasing Board operating costs has created a structural deficit within the Board's Regulation of Racing account. This deficit has required the Board to borrow taxpayer-financed General Fund moneys in order to finance its operations. To correct this fiscal imbalance the Executive Budget includes legislation establishing a two and three quarters percent surcharge on purses, and the moneys from this surcharge will be deposited in the Regulation of Racing account. The additional revenue provided from the purse surcharge, combined with cost containment actions assumed in the Budget, will eliminate the need for further General Fund advances and will thus ensure that the cost for the Board's regulatory activities are fully borne by the Racing Industry rather than by taxpayers.

PROGRAM HIGHLIGHTS

REGULATION OF GAMES OF CHANCE

The State Racing and Wagering Board promulgates rules and regulations governing bingo and other games of chance operated by more than 15,000 charitable and not-for-

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profit organizations throughout the State. The Board establishes standards for issuing licenses to suppliers and manufacturers of gaming equipment; reviews financial statements of charitable gaming operations; and, in conjunction with local law enforcement officials, investigates illegal gaming activities. In accordance with legislation enacted in 1996, the Board continues its oversight of “bell jar” games in order to decrease illegal activity.

INDIAN GAMING

The State has negotiated compacts or protocols with the Oneida Nation, the St. Regis Mohawk Tribe and the Seneca Nation to conduct gaming activities. Under these compacts, the State Racing and Wagering Board is responsible for the regulation and oversight of gaming activities operating on these Indian lands. To oversee these activities, the Board maintains 12 employees at the Oneida Nation’s Turning Stone Casino, 12 employees at the St. Regis Mohawk Tribe’s Akwesasne Casino, 12 employees at the Seneca Nation’s Seneca Niagara Casino, 12 employees at the Seneca Nation’s Seneca Alleghany Casino, and 5 employees at the Seneca Buffalo Creek Casino.

REGULATION OF RACING

The Board’s permanent staff oversees as many as 172 temporary, seasonal employees who ensure that horse races at the State’s racetracks are conducted legally. To help oversee racing activities, the Board will utilize the services of Morrisville State College to carry out post-race testing of blood and urine samples taken from race horses.

ALL FUNDS APPROPRIATIONS (dollars)

| Category | Available 2010-11 | Appropriations Recommended 2011-12 | Change | Reappropriations Recommended 2011-12 |
|-------------------|------------------------------|---|------------------|---|
| State Operations | 22,470,000 | 24,750,000 | 2,280,000 | 0 |
| Aid To Localities | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 |
| Total | <u>22,470,000</u> | <u>24,750,000</u> | <u>2,280,000</u> | <u>0</u> |

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

| Program | Full-Time Equivalent Positions (FTE) | | |
|-------------------------------|--|--|-------------------|
| | 2010-11 Estimated FTEs 03/31/11 | 2011-12 Estimated FTEs 03/31/12 | FTE Change |
| | Regulation of Racing | | |
| Special Revenue Funds - Other | 9 | 9 | 0 |
| Regulation of Wagering | | | |
| Special Revenue Funds - Other | 96 | 96 | 0 |
| Total | <u>105</u> | <u>105</u> | <u>0</u> |

The above table does not reflect layoffs that may be necessary in the absence of negotiated workforce savings.

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

| <u>Fund Type</u> | <u>Available 2010-11</u> | <u>Recommended 2011-12</u> | <u>Change</u> |
|-------------------------------|------------------------------|--------------------------------|------------------|
| Special Revenue Funds - Other | 22,470,000 | 24,750,000 | 2,280,000 |
| Total | <u>22,470,000</u> | <u>24,750,000</u> | <u>2,280,000</u> |

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

| <u>Program</u> | <u>Available 2010-11</u> | <u>Recommended 2011-12</u> | <u>Change</u> |
|-------------------------------|------------------------------|--------------------------------|------------------|
| Regulation of Racing | | | |
| Special Revenue Funds - Other | 12,970,000 | 14,770,300 | 1,800,300 |
| Regulation of Wagering | | | |
| Special Revenue Funds - Other | 9,500,000 | 9,979,700 | 479,700 |
| Total | <u>22,470,000</u> | <u>24,750,000</u> | <u>2,280,000</u> |

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2011-12 RECOMMENDED (dollars)

| <u>Program</u> | <u>Total</u> | | <u>Personal Service</u> | |
|------------------------|-------------------|------------------|-------------------------|--------------------|
| | <u>Amount</u> | <u>Change</u> | <u>Amount</u> | <u>Change</u> |
| Regulation of Racing | 14,770,300 | 1,800,300 | 4,609,500 | (1,925,500) |
| Regulation of Wagering | 9,979,700 | 479,700 | 5,687,000 | 17,000 |
| Total | <u>24,750,000</u> | <u>2,280,000</u> | <u>10,296,500</u> | <u>(1,908,500)</u> |

| <u>Program</u> | <u>Nonpersonal Service</u> | |
|------------------------|----------------------------|------------------|
| | <u>Amount</u> | <u>Change</u> |
| Regulation of Racing | 10,160,800 | 3,725,800 |
| Regulation of Wagering | 4,292,700 | 462,700 |
| Total | <u>14,453,500</u> | <u>4,188,500</u> |