



**JOINT LEGISLATIVE HEARING ON FY2024 EXECUTIVE BUDGET:
ECONOMIC DEVELOPMENT**

February 9, 2023

**Testimony of New York Racing Association, Inc.'s ("NYRA")
President and CEO, David O'Rourke**

To the Chairs and Members of the Joint Fiscal Committees:

On behalf of the New York Racing Association, as well as the men and women who make New York racing possible by operating Aqueduct Racetrack, Belmont Park, and Saratoga Race Course, I am pleased to join you for today's joint hearing on economic development and the Executive Budget. Specifically, my testimony will focus on the economic benefits of modernizing Belmont Park, and the effect it will have on the sport of horse racing in New York State, the businesses that support the horse racing ecosystem, and the thousands of New Yorkers who are employed thanks to horse racing.

Before I get to the topic at hand, I want to make sure everyone understands what, exactly, I mean when I speak about the "horse racing ecosystem" across New York State. Of course, there are direct NYRA employees — like union carpenters, restaurant workers, and betting tellers — but horse racing's immense economic impact goes farther than just NYRA. Our sport also has a direct impact on small businesses across the state, from hotels in Saratoga Springs to the nearly 300 thoroughbred breeding farms in New York State and the more than 150 horse trainers operating businesses based at Belmont Park. **All told, horse racing is responsible for sustaining 19,000 jobs for hardworking New Yorkers and generating \$3 billion in annual economic activity.**

And that means for the communities in Queens and Nassau County that surround Belmont — like the Village of Floral Park, Elmont, and Queens Village — Belmont Park is **already** a massive economic force. Hundreds of New Yorkers from those communities work at Belmont. They are the cooks, cleaners, carpenters, grooms, security guards, clerks, and so many others who keep the entire operation running. They work at the onsite daycare center that opens well before the sun rises, so training staff can drop their kids off before work. They work at restaurants and small business surrounding Belmont Park. Thanks to horse racing, all of them earn a living wage and are able to provide for their families — and we have an obligation to make sure this horse racing ecosystem continues to deliver for them, their families, and their neighbors for generations to come.



NYRA: A Quick History

NYRA and New York State government have been important partners to each other for generations. NYRA was originally founded in 1955 so that New York State could share in the boom in racing that followed World War II. Nearly 70 years later, NYRA is still a not-for-profit corporation enshrined in New York's Racing, Pari-Mutuel Wagering and Breeding Law as the "franchise corporation," with a core mission to strengthen and grow the sport of thoroughbred racing. But a lot has changed over the decades, the most notably in the last twenty years, with the introduction of Video Lottery Terminals (VLT).

In 2001, New York State statutorily authorized VLT facilities to be sited at nine New York racetracks, including Aqueduct, to create a new revenue stream for the State. The law, in part, was made possible as a result of the horse racing community, who provided the facilities and land for the State to license, operate, and locate VLT gaming sites. Two years later, VLT facilities were created at licensed racetracks across the state, but not at the NYRA site. A dispute arose over ownership of the land at Aqueduct, resulting in no VLT facility being located there. This dispute and the lack of revenue from the projected VLT facility led to NYRA filing for Chapter 11 bankruptcy in 2006. This action did not interrupt the NYRA racing operation, nor did it interrupt the normal course of business.

Following the establishment of a formal NYRA reorganization plan, in 2008, NYRA finalized a bankruptcy settlement agreement with New York State wherein NYRA agreed to convey to the State all land at Saratoga Race Course here in the Capital Region, Aqueduct Racetrack in Queens, and Belmont Park on Long Island, as well as all related intellectual property rights (all, at the time, valued at approximately \$1 billion). In exchange, New York State granted NYRA a 25-year exclusive franchise to operate thoroughbred racing all through 2033, at those three sites, and provided a guarantee that a portion of the funds from VLT facilities would flow to NYRA and to the horse racing industry for at least the duration of the 25-year franchise. The terms of the transaction were codified in the executed Franchise Agreement and in key provisions of state law.

Pursuant to the legally binding agreements between NYRA and the State, as well as provisions of New York Tax Law, NYRA and the racing industry are entitled to receive select portions of funds derived from VLT gaming. The VLT funds are obligated to support the NYRA purse account, as well as capital improvement projects and operations at the three NYRA tracks. In addition, to these VLT payments, certain VLT funds are dedicated to the New York State Thoroughbred Breeding and Development Fund. Similar distributions exist for the standardbred industry as well.

Through this relationship, NYRA has had the opportunity to grow the sport for the benefit of the State of New York. NYRA has also, and intends to continue, to improve the value of the now state-owned land on which NYRA operates racing. For example, over the last six years, NYRA has made over \$160 million in capital improvements at its racetracks, to improve the quality and



safety of racing operations, enhance the guest experience, and modernize facilities for the backstretch community.

The Case For A New Belmont Park

Although my testimony will touch on all three of the thoroughbred racing facilities that NYRA operates in New York State, the focus of my testimony today will be on Belmont Park.

Belmont has long been a crown jewel for the sport of thoroughbred horse racing. First built over a century ago in 1905, this facility is most famously known as the host of the Belmont Stakes, the final leg of the Triple Crown. But the reality is Belmont has not been renovated since 1968 and the existing facility is outdated, not ADA-compliant, and lacks the modern amenities fans expect. Moreover, the building's systems are operating well past their useful life, the facility is not environmentally sustainable, and the building and track are not winterized, limiting the usage of Belmont to just a few months out of the year.

As a result, major events are moving away from New York. Just one example is the Breeders' Cup — the year end, "Super Bowl of horse racing," which rotates through the best-known tracks in the country. Belmont hosted the Breeders' Cup in 1990, 1995, 2001, and 2005. But the Empire State has not been chosen to host the week-long event for the last 17 years due to the limited hospitality offerings at Belmont Park.

Since our reorganization, we have been working with our in-house experts, stakeholders in the sport of horse racing, the local community, and your colleagues in the legislature on a plan to modernize Belmont Park and build the 21st Century facility New Yorkers deserve. I am proud that Governor Hochul included language in her Fiscal Year 2024 Executive Budget Proposal that would enable NYRA to invest in this effort, and I urge you to support this project to build a new Belmont.

Importantly, a modernized Belmont Park would not only improve the venue's physical condition, but would be an economic boon for Long Island and the entire state — creating thousands of jobs, supporting local businesses, and generating additional tax revenue for local and state governments.

Best of all, the project — and all of its benefits — will come at no cost to taxpayers. Given that our not-for-profit corporation is so intertwined with New York government and that our authorization to operate New York thoroughbred racing is tethered to the government franchise, NYRA is unable to obtain traditional financing in the private market. Recognizing this, the budget would authorize NYRA to borrow the necessary funds for the three-year construction project from the State. As proposed, NYRA will continually make payments for this loan from statutorily and contractually guaranteed funds that are already earmarked for capital expenses. In fact, since Belmont Park is owned by New York State, this project is tantamount to NYRA fixing up a taxpayer-owned asset at no cost to the state, while generating immense economic benefits.



The project is also immensely popular. According to a public opinion poll conducted last summer, a supermajority of New Yorkers — 68 percent — support modernizing Belmont Park, including majorities of Democrats and Republicans. On Long Island, the project received an immense 75 percent support.

The modernization of Belmont Park is a critical economic development imperative for New York State. It's good for the local and state economy and good for the New Yorkers by the sport of horse racing, and good for those who visit our state to enjoy the sport. And that is why it is supported not just by everyday New Yorkers, but by organized labor, small business owners, local leaders from across the state, economic development officials, business advocates, and those who work directly in the sport of horse racing.

Belmont as a World-Class Sports and Entertainment Destination

With modernized facilities — including a winterized grandstand that will support year-round programming — Belmont would be repositioned as a world-class gaming, entertainment, and hospitality destination, especially when paired with the New York Islanders' new UBS Arena next door.

A new Belmont will transform the racing experience for fans, owners, trainers, and staff. The project will include a new right-sized, accessible, and winterized grandstand with 275,000 Square Feet of state-of-the-art amenities and hospitality offerings. In addition, and for the first time, we will unlock the 45-acre infield at Belmont Park to be used both for fans as well as the surrounding community.

The Breeders' Cup World Championship – which has not been to New York since 2005 – has publicly committed that they will return to New York State when Belmont Park is modernized, bringing an estimated \$100 million economic impact in a single week.

Community and Workforce Development

NYRA is committed to being a good neighbor for the communities that host our tracks and ecosystem of trainers and staff that live and work at the Belmont backstretch — both in our day-to-day operations and during construction projects like the Belmont modernization. That includes supporting local workforce development, embracing community engagement, and building the facilities the backstretch community needs and deserves.

Building a new Belmont will **create an estimated 3,700 construction-related jobs**. We have a long history of working with organized labor and currently have collective bargaining agreements with 25 unions. In keeping with that history, we are committed to **using union labor on this project and paying a prevailing wage**.



NYRA is also committed to working with the Franchise Oversight Board, organized labor, and relevant stakeholders to ensure that appropriate MWBE goals are applied to contracts as part of the Belmont redevelopment project, with a goal of exceeding the State's 30 percent MWBE requirement. We aim to **spend over \$136 million with certified minority- and women-owned businesses.**

A modernized Belmont would also provide opportunities to elevate neighborhood eateries & local vendors as new food and beverage options at Belmont. In addition, the 45 acres of open space in the infield that would become newly-accessible as a result of this project will allow us to provide space for local community events on non-racing days, including soccer games, graduations, and charity events like NYRA's Community Day.

Over the last decade, NYRA has invested nearly \$60 million on backstretch projects. But, we recognize that there is more that we can do to improve the lives of the people who make this sport happen. Accordingly, this project would also ensure the backstretch community — the trainers, grooms, and others who care for equine athletes seven days a week, 365 days a year — have the facilities they need and deserve. That includes upgrading existing backstretch housing and building new and improved facilities as well.

A new Belmont Park would also move New York State closer to its climate and sustainability goals. Through intentional design and operations of the new facility — including the installation of solar panels — **Belmont would be the nation's first carbon net-zero racing facility.** We even believe that, depending on the final design, the modernized Belmont could become a net-energy-exporter, pumping excess clean energy back into the grid.

Driving Economic Activity

Building a new modern racing facility at Belmont will drive increased economic activity during construction and on an ongoing basis after the new Belmont opens. We anticipate increased visitation, additional spending by guests, and a boost from the ability to host programming year-round.

According to an analysis by **HR&A Advisors, the \$455 million redevelopment project will generate a 2.6-times return on investment.**

That includes creating \$1 billion in construction-related economic activity, 3,700 construction-related jobs, and \$45 million in construction-related tax revenues for the state and local governments.

After construction is complete, the project is expected to produce \$155 million in economic impact from spending and operations, support 740 new full-time jobs, and generate \$51 million



in labor income. The project will also generate \$10 million in new annual tax revenue for the state and local governments.

This project will also help secure a strong future for horse racing in New York State, supporting jobs and economic activity far from Long Island.

As I have mentioned, horse racing is an ecosystem — and it requires strong anchors upstate and downstate to flourish. If we do not ensure horse racing has a strong presence at Belmont Park, we cannot ensure the long-term future of Saratoga Race Course or the hundreds of small businesses that are part of the horse racing ecosystem.

That means supporting the project to modernize Belmont Park is also supporting the almost 300 thoroughbred breeding farms that operate in nearly every county of the state, the hundreds of small businesses that support horse racing from trainers to horse transport companies, and the hotels, restaurants, and other hospitality businesses in Saratoga Springs that benefit from the Summer Meet.

Consolidating Downstate Racing

Finally, modernizing Belmont will allow NYRA to consolidate downstate racing, increasing efficiencies and freeing up a billion-dollar state asset for future development.

As I said earlier, the State owns the three racetracks at which NYRA holds races — Saratoga Race Course, Aqueduct Racetrack, and Belmont Park. Currently, racing is hosted at Aqueduct from January through April, at Belmont from May to early July, at Saratoga from mid-July through early September, at Belmont from mid-September through October, and then again at Aqueduct from November through the end of the year.

Making matters more confusing, two of these tracks, Aqueduct in Queens and Belmont on Long Island, are located just 10 miles apart. We, however, must keep this back-and-forth schedule because Belmont cannot host racing during colder months. This illogical, redundant situation increases costs and ties up valuable state land.

Once Belmont is modernized and weatherized we will be able to host racing at the facility year-round. This will allow us to consolidate all winter, spring, and fall racing to Belmont. For NYRA, this means more logical operations and an estimated savings of \$15 million per year. Importantly, because of the existing calendar of race days between the two downstate facilities, the consolidation is expected to create demand for more positions, not an elimination of jobs.

More importantly from a statewide perspective, consolidating downstate racing operations at Belmont would free up the 110-acre, state-owned Aqueduct site for development.



This newly available land is appraised at \$1 billion and would be one of the largest State-owned sites with transit-oriented development potential in New York City. With proximity to JFK Airport and easy access to public transit, this site could be leveraged to advance State priorities ranging from the creation of much-needed affordable housing to economic development. While it will depend on the exact plans the state pursues, new development at the Aqueduct site would likely generate tens of thousands of new jobs.

Consistent with the proposal in the FY24 budget, if the project to modernize Belmont Park moves forward, NYRA is committed to working with its government partners, including the Franchise Oversight Board and the Division of Budget to relinquish its property interests at Aqueduct back to the state.

NYRA's Track Record with Capital Projects

Before I end, I want to highlight the foundation that the Belmont modernization project would be building on top of. For the last seven years, NYRA has continued to make significant investments to modernize facilities, enhance safety, and improve our venues for our fans and community.

Since 2016, NYRA has invested nearly \$160 million in capital improvements at Saratoga Race Course, Belmont Park, and Aqueduct Racetrack to improve the quality and safety of racing operations, enhance the guest experience, and modernize a broad array of facilities for the backstretch community.

At Saratoga, we have completed major construction projects in recent years including the creation a three-story, climate-controlled hospitality building located on the Clubhouse turn overlooking the main track at Saratoga Race Course. The building features differentiated hospitality options for a wide variety of uses and experiences, including weddings, fundraisers, reunions, and corporate dinners. It has proven to be an enormously important addition to the fabric of Saratoga Race Course and was built in just 10 months.

These improvements increase the value of these New York State-owned properties and show that we can deliver projects on time and on budget with minimal impact to racing operations.

In fact, as we speak, NYRA is nearing completion on a major project to construct and install vehicular tunnels that will allow us to reconstruct the three existing racing surfaces. The tunnel project began in earnest in September and will be complete on schedule in the coming weeks.

Conclusion

New York State is the cradle of thoroughbred horse racing in the United States. Some of the first races were held on Long Island in the shadow of what is now Belmont Park in the late 17th



century. In June, NYRA will host the 155th running of the Belmont Stakes. And we will again be reminded that Belmont Park has provided the stage for some of the most exciting moments in sports history. From Secretariat's spellbinding 31-length victory in 1973 to American Pharoah successfully ending a 37-year Triple Crown drought in 2015, the Belmont Stakes and Belmont Park have captured the imagination of sports fans for as long as the race has been run. And this summer we hope to celebrate the 50th anniversary of Secretariat's Triple Crown with the knowledge that a new Belmont Park is closer than ever before.

Right now, New York has a once-in-a-generation opportunity to modernize Belmont Park, transforming a century-old facility into a world-class sports destination, creating thousands of jobs, generating billions in economic activity, and securing the future of horse racing in the Empire State for years to come. Modernizing Belmont enjoys support from a diverse range of New Yorkers — from organized labor to small family-owned farms, from restaurant owners to horse grooms — and I strongly urge you to support this project.

Thank you for the time today. I look forward to working with you during the budget season and beyond to ensure that this important economic development driver can advance this year. I am happy to answer any of your questions.

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