

Third Extraordinary Session

I N S E N A T E

December 3, 2010

Introduced by COMMITTEE ON RULES -- (at request of the Governor) -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the racing, pari-mutuel wagering and breeding law, in relation to pari-mutuel tax rates at certain facilities and establishing the New York Racing Network, Inc.; and to amend the tax law, in relation to authorizing subsidized free play credits

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Legislative findings and intent. The legislature hereby
2 finds and declares that the New York city off-track betting corporation
3 is an integral component of the horse racing industry in New York. The
4 legislature further finds that in order to preserve its continuing
5 existence, the corporation was allowed by executive order to file a
6 petition for bankruptcy protection under Chapter 9 of the Bankruptcy
7 Code in the southern district of New York. The bankruptcy proceedings
8 have resulted in a reorganization plan, the approval of which by the
9 official committee of creditors is contingent upon enacting legislation
10 to implement certain elements of that plan.
11 The legislature further finds that the labor unions representing the
12 employees of the corporation have signed memoranda of agreement, which
13 ratify portions of the reorganization plan affecting their membership.
14 This approval represents concurrence with the corporation's leadership
15 and the view of the legislature that a plan that allows the corporation
16 to remain sustainable upon exiting bankruptcy will preserve employment
17 opportunities for New York residents, and is preferable to a liquidation
18 of the corporation. Furthermore, the legislature finds that the tens of
19 thousands of jobs both directly and indirectly supported by the racing
20 industry will be protected by a reorganization plan that supports a
21 seamless exit from bankruptcy for the corporation.

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 Therefore, the legislature finds this legislation, which strictly
2 enacts elements of the reorganization plan, to be essential to maintain-
3 ing a vibrant horse racing industry in New York, and to protecting the
4 thousands of jobs supported by the horse racing industry.

5 S 2. Subdivision 5-a of section 307 of the racing, pari-mutuel wager-
6 ing and breeding law, as amended by chapter 18 of the laws of 2008, is
7 amended to read as follows:

8 5-a. The board shall not issue a license pursuant to this section to
9 any harness racing association or corporation which does not apply to
10 conduct at its facilities a minimum number of pari-mutuel programs and
11 pari-mutuel races at its facilities equal to at least seventy-five per
12 centum of the programs and races so conducted during nineteen hundred
13 eighty-five or during nineteen hundred eighty-six, or one hundred per
14 centum of the programs and races so conducted during two thousand,
15 whichever is greater; provided, however, that for a harness racing asso-
16 ciation or corporation located in Westchester and Erie counties, such
17 minimum number of pari-mutuel programs and pari-mutuel races at its
18 facilities shall equal at least one hundred per centum of the programs
19 and races conducted during two thousand, AND PROVIDED FURTHER, HOWEVER,
20 THAT FOR A HARNESS ASSOCIATION OR CORPORATION LOCATED IN SULLIVAN COUN-
21 TY, SUCH MINIMUM NUMBER OF PARI-MUTUEL PROGRAMS AND PARI-MUTUEL RACES AT
22 ITS FACILITIES SHALL EQUAL AT LEAST SIXTY PER CENTUM OF THE PROGRAMS AND
23 RACES SO CONDUCTED DURING NINETEEN HUNDRED EIGHTY-SIX OR EIGHTY PER
24 CENTUM OF THE PROGRAMS AND RACES SO CONDUCTED DURING TWO THOUSAND,
25 WHICHEVER IS GREATER. If the track did not conduct races during two
26 thousand, such minimum number of pari-mutuel programs and pari-mutuel
27 races at its facilities shall equal at least ninety per centum of the
28 programs and races conducted during two thousand at Buffalo raceway, in
29 the town of Hamburg and county of Erie, unless cancellation of a race
30 day because of an act of God, which the board approves or because of
31 weather conditions that are unsafe or hazardous which the board approves
32 shall not be construed as a failure to conduct a race day; provided
33 further, the board shall not grant a license to such association or
34 corporation upon application unless such programs and races are
35 conducted during the same calendar year period as were conducted during
36 the applicable period above utilized to measure the minimum number of
37 pari-mutuel programs and pari-mutuel races, as approved by the board.
38 Nothing in the foregoing paragraph shall affect any agreement in effect
39 on or before the effective date of this paragraph. The board may grant a
40 license to such association or corporation to conduct fewer such
41 programs and races for good cause shown due to factors beyond the
42 control of such association or corporation, and upon consent of the
43 representative horsemen's association, as determined pursuant to section
44 three hundred eighteen of this article.

45 S 3. The opening paragraph of paragraph a of subdivision 5 of section
46 318 of the racing, pari-mutuel wagering and breeding law, as added by
47 chapter 261 of the laws of 1988, is amended to read as follows:

48 Notwithstanding any other provision of this section to the contrary,
49 for any calendar year commencing on or after January first, nineteen
50 hundred eighty-nine, in which a harness racing association or corpo-
51 ration does not conduct a minimum number of pari-mutuel programs and
52 pari-mutuel races at its facilities equal to at least ninety per centum
53 of the programs and races so conducted during nineteen hundred eighty-
54 five or during nineteen hundred eighty-six, PROVIDED, HOWEVER, THAT FOR
55 A HARNESS RACING ASSOCIATION OR CORPORATION LOCATED IN SULLIVAN COUNTY,
56 FOR ANY CALENDAR YEAR COMMENCING ON OR AFTER JANUARY FIRST, TWO THOUSAND

ELEVEN, IN WHICH SUCH HARNESS RACING ASSOCIATION OR CORPORATION DOES NOT CONDUCT A MINIMUM NUMBER OF PARI-MUTUEL PROGRAMS AND PARI-MUTUEL RACES AT SUCH FACILITIES EQUAL TO AT LEAST SEVENTY PER CENTUM OF THE PROGRAMS AND RACES SO CONDUCTED DURING NINETEEN HUNDRED EIGHTY-FIVE OR DURING NINETEEN HUNDRED EIGHTY-SIX, whichever is less, in lieu of the tax rates set forth in subdivision one of this section the applicable pari-mutuel tax rates for such association or corporation with respect to on-track pari-mutuel betting pools during such year shall be as follows:

S 4. Subdivision 2 of section 529 of the racing, pari-mutuel wagering and breeding law is amended to read as follows:

2. Ninety-five percent of the balance of such account remaining unclaimed as of the last day of February of such year shall be paid BY EACH REGIONAL OFF-TRACK BETTING CORPORATION, EXCEPT THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, to the state tax commission by March fifteenth. On or before April tenth of each year the balance of such account and any other unclaimed amounts received in the course of conducting off-track betting shall be paid by [such] EACH REGIONAL OFF-TRACK BETTING corporation, EXCEPT THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, to the state tax commission. A penalty of five percent and interest at the rate of one percent per month from the due date to the date of payment of the unclaimed balance due March fifteenth or April tenth, as the case may be, shall be payable in case such balance is not paid when due. Such amounts, interest and penalties when collected by the state tax commission shall be deposited into the general fund of the state treasury. THE BALANCE OF SUCH UNCLAIMED ACCOUNTS RETAINED BY THE NEW YORK CITY OFF-TRACK BETTING CORPORATION MAY BE USED FOR ITS CORPORATE PURPOSES.

S 5. Subdivisions 1, 3, 6, 7 and 11 of section 603 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 115 of the laws of 2008, are amended to read as follows:

1. A corporation to be known as the "New York city off-track betting corporation" is hereby created. Such corporation shall be a body corporate and politic constituting a public benefit corporation. It shall be administered by a board of directors consisting of five [members] VOTING DIRECTORS AND THREE NON-VOTING DIRECTORS, who may be public officers, appointed by the governor [for fixed terms as hereinafter provided, one of whom shall be appointed on the recommendation of the temporary president of the senate, and one of whom shall be appointed on the recommendation of the speaker of the assembly]. THE VOTING DIRECTORS, ONE OF WHOM SHALL BE APPOINTED ON THE RECOMMENDATION OF THE TEMPORARY PRESIDENT OF THE SENATE AND ONE OF WHOM SHALL BE APPOINTED ON THE RECOMMENDATION OF THE SPEAKER OF THE ASSEMBLY, SHALL SERVE FOR FIXED TERMS AS HEREINAFTER PROVIDED. OF THE NON-VOTING DIRECTORS, ONE SHALL BE APPOINTED ON THE RECOMMENDATION OF THE FRANCHISED CORPORATION; ONE ON THE JOINT RECOMMENDATION OF THE HARNESS TRACKS LOCATED IN WESTCHESTER AND SULLIVAN COUNTIES; AND ONE ON THE RECOMMENDATION OF THE UNION REPRESENTING A MAJORITY OF THE UNIONIZED EMPLOYEES OF THE CORPORATION. THE NON-VOTING DIRECTORS SHALL NOT HAVE A FIDUCIARY OBLIGATION TO THE CORPORATION, BUT SHALL BE REQUIRED TO PROTECT INFORMATION DEEMED TO BE, OR WHICH COULD BE REASONABLY ASSUMED TO BE, CONFIDENTIAL, INCLUDING, WITHOUT LIMITATION, ALL MATTERS DISCUSSED IN EXECUTIVE SESSION.

3. The governor shall designate one of the VOTING directors to be chairman of the board of directors and may at his OR HER pleasure, change his OR HER designation of any such VOTING director to be chairman.

1 6. The powers of the corporation shall be vested in and exercised by
2 the board at a meeting duly held at a time fixed by any by-law adopted
3 by the board, or at any duly adjourned meeting of such meeting or at any
4 meeting held upon reasonable notice to all of the directors, or upon
5 written waiver thereof, and a majority of the whole number of VOTING
6 directors shall constitute a quorum; provided that neither the business
7 nor the powers of the corporation shall be transacted or exercised
8 except pursuant to the favorable vote of at least a majority of the
9 VOTING directors present at a meeting at which a quorum is in attend-
10 ance.

11 7. The board may delegate to one or more of the VOTING directors,
12 officers, agents or employees of the corporation such powers and duties
13 as it may deem proper.

14 11. The fiscal year of the corporation shall be the same as that of
15 [the city, provided, however, that the corporation shall have a nine
16 month fiscal year from July first, two thousand eight through March
17 thirty-first, two thousand nine, and then the fiscal year of the corpo-
18 ration shall be the same as] the state.

19 S 6. Subdivisions 8 and 11 of section 604 of the racing, pari-mutuel
20 wagering and breeding law, subdivision 8 as amended by chapter 115 of
21 the laws of 2008, are amended to read as follows:

22 8. To make contracts and leases, including joint ventures with third
23 parties or entities, EXCEPT THAT ANY JOINT VENTURE WITH THIRD PARTIES OR
24 ENTITIES FOR THE PURPOSE OF RAISING CAPITAL FOR THE CONSTRUCTION AND
25 OPERATION OF A NEW OR EXPANDED LICENSED SIMULCAST FACILITY AS DEFINED IN
26 SUBDIVISION J OF SECTION ONE THOUSAND ONE OF THIS CHAPTER OR EXPANDED
27 SIMULCAST THEATER AS DEFINED IN SUBDIVISION 1 OF SECTION ONE THOUSAND
28 ONE OF THIS CHAPTER SHALL BE SUBJECT TO A RIGHT OF FIRST REFUSAL BY ANY
29 NEW YORK STATE LICENSED HARNESS TRACK OR FRANCHISED CORPORATION WITH
30 RACING FACILITIES LOCATED WITHIN THIRTY MILES OF THE PROPOSED LOCATION
31 (IF MORE THAN ONE SUCH HARNESS TRACK OR FRANCHISED CORPORATION'S RACING
32 FACILITIES ARE LOCATED WITHIN THIRTY MILES OF THE PROPOSED LOCATION THEN
33 BOTH WILL HAVE THE RIGHT OF FIRST REFUSAL AND MAY PARTNER TOGETHER THERE-
34 IN) TO BE THE FINANCIAL AND OPERATING PARTNER OF THE CORPORATION IN
35 SUCH JOINT VENTURE, and to execute all instruments necessary or conven-
36 ient to accomplish its corporate purpose; provided, however, that the
37 corporation may only enter into agreements for the purchase or lease of
38 any property to be used in whole or in part as an off-track betting
39 branch office which is conditioned upon the location thereof being
40 approved by the site selection board; and further provided, that such
41 location prior to its use as such off-track betting branch office shall
42 have been approved by the site selection board. TO THE EXTENT THAT ANY
43 PROVISION OF THIS CHAPTER, INCLUDING, WITHOUT LIMITATION, SUBPARAGRAPH
44 (II) OF PARAGRAPH C OF SUBDIVISION TWO OF SECTION ONE THOUSAND EIGHT AND
45 PARAGRAPH B OF SUBDIVISION THREE OF SECTION ONE THOUSAND NINE OR OF ANY
46 OTHER LAW, RULE OR REGULATION, REQUIRES THE AUTHORIZATION OR CONSENT OF
47 ANY REGIONAL TRACK TO THE CONSTRUCTION, OPERATION OR LICENSING OF A
48 SIMULCAST FACILITY OR SIMULCAST THEATER, THEN IN THE EVENT THAT SUCH
49 RIGHT OF FIRST REFUSAL IS NOT EXERCISED, THEN IF SUCH SIMULCAST FACILITY
50 IS LOCATED IN NEW YORK COUNTY OR IS LOCATED MORE THAN TEN MILES FROM ANY
51 REGIONAL HARNESS TRACK OR A RACING FACILITY OF THE FRANCHISED CORPO-
52 RATION SUCH CONSENT OR AUTHORIZATION IS HEREBY DEEMED GRANTED. NOTWITH-
53 STANDING ANY PROVISION OF THIS CHAPTER OR OF ANY OTHER LAW, RULE OR
54 REGULATION TO THE CONTRARY, THE OPERATOR OF SUCH JOINT VENTURE SIMULCAST
55 WAGERING FACILITY SHALL NEITHER BE REQUIRED TO COLLECT A SURCHARGE ON

1 BETS MADE THEREIN NOR BE REQUIRED TO CHARGE AN ADMISSION FEE FOR
2 ENTRANCE THERETO;

3 11. In the manner and subject to the terms and conditions set forth in
4 this article, and article five-a of this chapter to establish and
5 conduct a system of off-track pari-mutuel betting in the city on horse
6 races WHICH SHALL NOT INCLUDE THE CONDUCT, OPERATION, OR MAINTENANCE OF
7 TELEPHONE BETTING ACCOUNTS AND TELEPHONE WAGERING AS DEFINED IN SUBDIVI-
8 SION FOUR-A OF SECTION ONE THOUSAND TWELVE OF THIS CHAPTER, PROVIDED
9 THAT THE CORPORATION MAY AFFILIATE OR JOINT VENTURE SOLELY WITH AND AT
10 THE SOLE OPTION OF THE NEW YORK RACING NETWORK, INC. IN THE CONDUCT,
11 OPERATION, OR MAINTENANCE OF TELEPHONE BETTING ACCOUNTS AND TELEPHONE
12 WAGERING AS DEFINED IN SUBDIVISION FOUR-A OF SECTION ONE THOUSAND TWELVE
13 OF THIS CHAPTER;

14 S 7. The racing, pari-mutuel wagering and breeding law is amended by
15 adding a new section 604-a to read as follows:

16 S 604-A. TRANSFER OF ACCOUNT WAGERING OPERATIONS. NOTWITHSTANDING ANY
17 OTHER LAW, RULE OR REGULATION TO THE CONTRARY, THE CORPORATION SHALL
18 TRANSFER OWNERSHIP AND TITLE TO ALL TELEPHONE BETTING AND TELEPHONE
19 WAGERING ACCOUNTS AS DEFINED IN SUBDIVISION FOUR-A OF SECTION ONE THOU-
20 SAND TWELVE OF THIS CHAPTER THAT ARE MAINTAINED AND OPERATED BY THE
21 CORPORATION TO THE NEW YORK RACING NETWORK, INC. THE CORPORATION SHALL
22 UPON SUCH TRANSFER NO LONGER HAVE THE AUTHORITY TO MAINTAIN TELEPHONE
23 BETTING OR TELEPHONE WAGERING ACCOUNTS AS DEFINED IN THIS CHAPTER OR TO
24 CONDUCT TELEPHONE OR INTERNET WAGERING AS PROVIDED FOR IN THIS CHAPTER
25 EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY PROVIDER INCLUDING
26 BUT NOT LIMITED TO A REGIONAL OFF-TRACK BETTING CORPORATION, EXCEPT AS
27 PROVIDED FOR IN SUBDIVISION ELEVEN OF SECTION SIX HUNDRED FOUR OF THIS
28 ARTICLE. THE CORPORATION SHALL UPON SUCH TRANSFER OF TELEPHONE BETTING
29 AND TELEPHONE WAGERING ACCOUNTS AS PROVIDED HEREIN NO LONGER HAVE
30 AUTHORITY TO JOINTLY OR OTHERWISE APPROVE THROUGH WRITTEN AGREEMENT,
31 CONSENT OR OTHERWISE THE CONDUCT OF IN-HOME SIMULCASTING PURSUANT TO
32 SECTION ONE THOUSAND THREE OF THIS CHAPTER.

33 S 8. The racing, pari-mutuel wagering and breeding law is amended by
34 adding a new section 604-b to read as follows:

35 S 604-B. ACCOUNT SERVICING FOR NEW YORK RACING NETWORK, INC. 1.
36 NOTWITHSTANDING ANY LAW, RULE OR REGULATION TO THE CONTRARY, THE CORPO-
37 RATION SHALL PERMIT ACCOUNT HOLDERS OF THE NEW YORK RACING NETWORK,
38 INC., AS ESTABLISHED PURSUANT TO ARTICLE SIX-A OF THIS CHAPTER, TO MAKE
39 DEPOSITS AND WITHDRAWALS AT BRANCH OFFICES, SIMULCAST FACILITIES OR
40 SIMULCAST THEATERS OPERATED BY THE CORPORATION FROM THEIR ACCOUNTS AT
41 THE NEW YORK RACING NETWORK, INC. A FEE OF .25 PERCENT PER TRANSACTION
42 UP TO A MAXIMUM OF TEN DOLLARS PER TRANSACTION SHALL BE ASSESSED BY THE
43 CORPORATION ON THE ACCOUNT HOLDERS OF THE NEW YORK RACING NETWORK, INC.
44 FOR SUCH DEPOSITS OR WITHDRAWALS ON THEIR ACCOUNTS.

45 2. TO THE EXTENT, BUT ONLY TO THE EXTENT, THAT THE NEW YORK CITY OFF-
46 TRACK BETTING CORPORATION'S WAGERING TERMINALS, EQUIPMENT AND SYSTEMS
47 HAVE THE ABILITY TO ACCEPT AND PROCESS ACCOUNT WAGERING TRANSACTIONS,
48 THE NEW YORK RACING NETWORK, INC.'S ACCOUNT HOLDERS MAY ALSO WAGER AT
49 BRANCH OFFICES, SIMULCAST FACILITIES OR SIMULCAST THEATERS OPERATED BY
50 THE NEW YORK CITY OFF-TRACK BETTING CORPORATION FROM THEIR ACCOUNTS AT
51 THE NEW YORK RACING NETWORK, INC., IN WHICH EVENT ANY WAGER MADE AT
52 BRANCH OFFICES, SIMULCAST FACILITIES OR SIMULCAST THEATERS OPERATED BY
53 NEW YORK CITY OFF-TRACK BETTING CORPORATION BY AN ACCOUNT HOLDER OF THE
54 NEW YORK RACING NETWORK, INC. USING THEIR ACCOUNT SHALL BE SUBJECT TO A
55 FEE OF TWO PERCENT OF THE AMOUNT OF EACH ACCOUNT WAGERING TRANSACTION UP
56 TO A MAXIMUM OF TEN DOLLARS PER TRANSACTION.

3. NOTWITHSTANDING ANY LAW, RULE OR REGULATION TO THE CONTRARY, SUCH ACCOUNT WAGERING TRANSACTION DESCRIBED IN THIS SECTION SHALL NOT BE SUBJECT TO ANY SURCHARGE THAT OTHERWISE MAY BE REQUIRED TO BE CHARGED OR COLLECTED ON WAGERS PLACED AT A NEW YORK CITY OFF-TRACK BETTING FACILITY.

4. ANY TRANSACTION FEE TO BE PAID TO THE NEW YORK CITY OFF-TRACK BETTING CORPORATION BY THE NEW YORK RACING NETWORK, INC. PURSUANT TO THIS SECTION SHALL BE PAID WITHIN THIRTY DAYS OF THE FINAL DAY OF THE MONTH IN WHICH SUCH TRANSACTION TAKES PLACE.

5. IF, DURING ANY FISCAL YEAR OF THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, PAYMENTS TO THE CORPORATION FROM THE NEW YORK RACING NETWORK, INC. PURSUANT TO THIS SECTION REMAIN UNPAID FOR MORE THAN NINETY DAYS FROM THE DATE THEY ARE DUE, OR ON THREE SEPARATE OCCASIONS REMAIN UNPAID FOR MORE THAN THIRTY DAYS FROM THE DATE THEY ARE DUE, THEN THE CORPORATION CANNOT BE HELD IN DEFAULT FOR AS LONG AS THE NEW YORK RACING NETWORK, INC. REMAINS IN DEFAULT.

S 9. Subdivision 2 of section 606 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 115 of the laws of 2008, is amended to read as follows:

2. The corporation shall administer its personnel pursuant to the civil service law and the rules and regulations promulgated thereunder, [and classification and compensation schedules of the state department of civil service,] and all other applicable provisions of general laws relating to civil service administration. The corporation shall retain all personnel, payroll and associated employee records and shall ensure that the New York city employees' retirement system has access to such records for retirement purposes consistent with current records retention requirements.

S 10. The racing, pari-mutuel wagering and breeding law is amended by adding a new section 608 to read as follows:

S 608. DISPLAY OF RACES. EXCEPT AS TO SIMULCAST SIGNALS OF SPECIAL INTEREST RACES, INCLUDING WITHOUT LIMITATION, TRIPLE CROWN AND BREEDERS CUP RACES, SIMULCAST SIGNALS WHICH ARE SHOWN IN BRANCH OFFICES, SIMULCAST FACILITIES OR SIMULCAST THEATERS OF RACE PROGRAMS RUN AT NEW YORK STATE THOROUGHBRED OR HARNESS TRACKS SHALL BE PROMINENTLY DISPLAYED ON THE LARGEST SCREENS AVAILABLE IN SUCH FACILITIES.

S 11. Section 610 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 115 of the laws of 2008, is amended to read as follows:

S 610. Moneys of corporation. 1. The monetary transactions of the corporation and the keeping of its books and accounts shall be under the supervision of the director of the division of the budget. The chair of the racing and wagering board may at any time request and shall be provided for review such books and accounts.

2. THE ANNUAL OPERATING BUDGETS FOR THE CORPORATION SHALL BE APPROVED BY THE BOARD OF THE CORPORATION, AND NO BUDGET SHALL BE APPROVED BY THE BOARD THAT IS NOT BALANCED PURSUANT TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, EXCEPT THAT WITH RESPECT TO THE CORPORATION'S OTHER POST-EMPLOYMENT BENEFITS LIABILITIES, A BALANCED BUDGET SHOULD GIVE EFFECT ONLY TO THE PROJECTED AGGREGATE ANNUAL CASH PAYMENT FOR OTHER POST-EMPLOYMENT BENEFITS LIABILITIES. MOREOVER, THE CORPORATION SHALL NOT IMPLEMENT A BUDGET APPROVED BY ITS BOARD UNTIL SUCH BUDGET IS DETERMINED TO BE BALANCED BY THE DIRECTOR OF THE NEW YORK STATE DIVISION OF THE BUDGET WHO SHALL NOT TAKE INTO ACCOUNT THE CORPORATION'S NON-CASH OTHER POST-EMPLOYMENT BENEFITS LIABILITIES IN MAKING SUCH DETERMINATION. IN THE EVENT THE BUDGET OF THE CORPORATION IS NOT DETERMINED TO BE BALANCED

BY THE DIRECTOR OF THE BUDGET PRIOR TO THE START OF THE FISCAL YEAR OF THE CORPORATION, THE CORPORATION SHALL CONTINUE TO OPERATE UNDER THE SPENDING LEVELS CONTAINED IN THE BUDGET OF THE PRIOR YEAR UNTIL SUCH TIME AS A NEW BUDGET IS DETERMINED TO BE BALANCED BY THE DIRECTOR OF THE BUDGET.

3. All moneys due the city pursuant to article five-A of this chapter shall be paid to the New York city comptroller.

[3.] 4. The state comptroller and his legally authorized representative are authorized to examine the accounts and books of the corporation, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing.

[4.] 5. The corporation shall have power, notwithstanding the provisions of this section, to contract with the holders of any of its bonds as to the custody, collection, securing, investment and payment of any moneys of the corporation or any moneys held in trust or otherwise for the payment of bonds in any way to secure bonds, and to carry out any such contract notwithstanding that such contract may be inconsistent with the previous provisions of this section.

[5.] 6. Moneys held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of such moneys may be secured in the same manner as moneys of the corporation, and all banks and trust companies are authorized to give such security for such deposits.

S 12. The racing, pari-mutuel wagering and breeding law is amended by adding a new section 610-a to read as follows:

S 610-A. REDUCTION IN PAYMENTS REQUIRED TO BE MADE TO IN-STATE TRACKS ON ACCOUNT OF ACCEPTANCE OF WAGERS ON RACES RUN AT OUT-OF-STATE TRACKS. 1. OTHER THAN PAYMENTS REQUIRED TO BE MADE DIRECTLY TO AN IN-STATE TRACK FOR THE TAKING OF WAGERS ON RACES RUN AT AN IN-STATE TRACK, AND NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER OR ANY OTHER LAW, RULE OR REGULATION TO THE CONTRARY, THE NEW YORK CITY OFF-TRACK BETTING CORPORATION SHALL REDUCE ANY PAYMENTS REQUIRED TO BE MADE BY IT TO THE FRANCHISED CORPORATION OR TO ANY IN-STATE, BOARD-LICENSED, THOROUGHBRED RACING CORPORATION OR HARNESS RACING CORPORATION OR ASSOCIATION, ON ACCOUNT OF RETAINED COMMISSIONS FROM WAGERING ACCEPTED BY THE NEW YORK CITY OFF-TRACK BETTING CORPORATION ON RACES RUN AT TRACKS OUTSIDE OF NEW YORK STATE, INCLUDING WITHOUT LIMITATION SUCH PAYMENTS REQUIRED TO BE MADE PURSUANT TO SECTIONS FIVE HUNDRED TWENTY-SEVEN, ONE THOUSAND FOURTEEN, ONE THOUSAND FIFTEEN, ONE THOUSAND SIXTEEN AND ONE THOUSAND EIGHTEEN OF THIS CHAPTER. THE REDUCTIONS IN SUCH PAYMENTS SHALL BE AS FOLLOWS: FOR THE FIRST FISCAL YEAR OF THE CORPORATION IN WHICH THE EFFECTIVE DATE OF THIS SUBDIVISION OCCURS, SUCH PAYMENTS SHALL BE REDUCED BY FIFTY PERCENT; FOR THE FOLLOWING FISCAL YEAR, SUCH PAYMENTS SHALL BE REDUCED BY FORTY PERCENT; FOR THE THIRD FISCAL YEAR, SUCH PAYMENTS SHALL BE REDUCED BY THIRTY PERCENT; AND FOR EACH FISCAL YEAR THEREAFTER SUCH PAYMENTS SHALL BE REDUCED BY TWENTY PERCENT, PROVIDED, HOWEVER, THAT IF IN THE FOURTH FISCAL YEAR OR IN ANY FISCAL YEAR THEREAFTER THE ANNUAL TOTAL HANDLE OF THE NEW YORK CITY OFF-TRACK BETTING CORPORATION REACHES BETWEEN SIX HUNDRED MILLION AND SIX HUNDRED TWENTY MILLION DOLLARS, THEN THE REDUCTION IN SUCH PAYMENTS SHALL BE TEN PERCENT; PROVIDED, FURTHER, HOWEVER THAT IF IN THE FOURTH FISCAL YEAR OR ANY SUBSEQUENT FISCAL YEAR THE ANNUAL TOTAL HANDLE OF THE NEW YORK CITY OFF-TRACK BETTING CORPORATION EXCEEDS SIX HUNDRED TWENTY MILLION DOLLARS, THEN THERE SHALL BE NO REDUCTION IN SUCH PAYMENTS.

2. ALL PAYMENTS REQUIRED TO BE MADE BY THE NEW YORK CITY OFF-TRACK BETTING CORPORATION PURSUANT TO SUBDIVISION ONE OF THIS SECTION, SHALL

1 BE MADE BY THE CORPORATION WITHIN SIXTY DAYS FOLLOWING THE LAST DAY OF
2 THE MONTH IN WHICH THE OBLIGATION FOR SUCH PAYMENT ACCRUED, WITH AN
3 ADDITIONAL THIRTY DAY PERIOD IN WHICH THE CORPORATION MUST CURE A
4 DEFAULT IN THE MAKING OF SUCH PAYMENT, PROVIDED, HOWEVER, THAT IN ANY
5 FISCAL YEAR OF THE NEW YORK CITY OFF-TRACK BETTING CORPORATION IN WHICH
6 THE PAYMENT REDUCTIONS DESCRIBED IN SUBDIVISION ONE OF THIS SECTION ARE
7 LESS THAN TWENTY PERCENT AS A RESULT OF THE CORPORATION'S TOTAL ANNUAL
8 HANDLE EXCEEDING FIVE HUNDRED NINETY-NINE MILLION DOLLARS AND
9 NINETY-NINE CENTS, THE PORTION OF SUCH PAYMENTS THAT ARE DEPENDENT UPON
10 THE CORPORATION'S TOTAL ANNUAL HANDLE EXCEEDING SUCH AMOUNT SHALL BE
11 PAID BY THE CORPORATION WITHIN THIRTY DAYS FOLLOWING THE END OF SUCH
12 FISCAL YEAR, WITH AN ADDITIONAL THIRTY DAY PERIOD IN WHICH THE CORPO-
13 RATION MUST CURE A DEFAULT IN MAKING OF ANY SUCH PAYMENTS.

14 3. NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER OR ANY OTHER LAW,
15 RULE OR REGULATION TO THE CONTRARY, THE NEW YORK CITY OFF-TRACK BETTING
16 CORPORATION SHALL CALCULATE THE STATUTORY PAYMENTS IT IS REQUIRED TO
17 MAKE TO THE AGRICULTURAL AND NEW YORK STATE HORSE BREEDING DEVELOPMENT
18 FUND BY USING THE SAME PERCENTAGE RATE USED TO CALCULATE THE STATUTORY
19 PAYMENTS REQUIRED TO BE MADE BY IT TO THE NEW YORK STATE THOROUGHBRED
20 BREEDING AND DEVELOPMENT FUND.

21 S 13. Section 613 of the racing, pari-mutuel wagering and breeding law
22 is amended to read as follows:

23 S 613. Agreement of the state. The state does pledge to and agree with
24 the holders of any and all bonds and notes of the corporation that the
25 state will not authorize any officer or agency of government, other than
26 the corporation, EXCEPT AS OTHERWISE PROVIDED FOR IN THIS ARTICLE, or
27 any private person, to [conduct] OPERATE off-track betting in the city
28 on horse races, nor in any manner limit or alter the rights hereby vest-
29 ed in the corporation to fulfill the terms of any agreements made with
30 the said holders, or in any way impair the rights and remedies of such
31 holders until the bonds and notes, together with the interest thereon,
32 interest on any unpaid installments of interest, and all costs and
33 expenses in connection with any action or proceeding by or on behalf of
34 such holders, are fully met and discharged. The corporation is author-
35 ized to include this pledge and agreement of the state in any agreement
36 with the holders of such bonds or notes.

37 S 14. The racing, pari-mutuel wagering and breeding law is amended by
38 adding a new section 615 to read as follows:

39 S 615. AUTHORITY TO NEGOTIATE SIMULCAST SIGNALS FOR THIRD PARTIES. THE
40 CORPORATION SHALL BE AUTHORIZED TO CONTRACT WITH THE FRANCHISED CORPO-
41 RATION, A THOROUGHBRED RACING CORPORATION OR ANY HARNESS CORPORATION
42 LICENSED BY THE BOARD TO NEGOTIATE ON SUCH ENTITIES' BEHALF WITH
43 OUT-OF-STATE OR OUT-OF-COUNTRY RACETRACKS TO PROVIDE SIMULCAST SIGNALS
44 TO SUCH ENTITIES.

45 S 15. The racing, pari-mutuel wagering and breeding law is amended by
46 adding a new section 617-a to read as follows:

47 S 617-A. REDUCTIONS IN PARI-MUTUEL TAX PAYMENTS. NOTWITHSTANDING ANY
48 INCONSISTENT PROVISION OF THIS CHAPTER OR OF ANY OTHER LAW, RULE OR
49 REGULATION, THE NEW YORK CITY OFF-TRACK BETTING CORPORATION SHALL REDUCE
50 BY FIFTY PERCENT PAYMENTS DUE FOR PARI-MUTUEL TAXES TO THE STATE DEPART-
51 MENT OF TAXATION AND FINANCE THAT WOULD OTHERWISE BE REQUIRED TO BE MADE
52 PURSUANT TO THE PROVISIONS OF THIS CHAPTER, PROVIDED, HOWEVER, IN THE
53 EVENT THAT THE ANNUAL TOTAL HANDLE OF NEW YORK CITY OFF-TRACK BETTING IN
54 ANY FISCAL YEAR BEGINNING TWO FISCAL YEARS AFTER THE EFFECTIVE DATE OF
55 THIS SECTION IS: SIX HUNDRED MILLION DOLLARS OR GREATER BUT NOT MORE
56 THAN SIX HUNDRED FIFTEEN MILLION DOLLARS, SUCH REDUCTION IN PARI-MUTUEL

1 TAX PAYMENTS SHALL BE FORTY-TWO AND ONE-HALF PERCENT; GREATER THAN SIX
2 HUNDRED FIFTEEN MILLION DOLLARS BUT NOT MORE THAN SIX HUNDRED TWENTY
3 MILLION DOLLARS, SUCH REDUCTION IN PARI-MUTUEL TAX PAYMENTS SHALL BE
4 THIRTY-SEVEN AND ONE-HALF PERCENT; GREATER THAN SIX HUNDRED TWENTY
5 MILLION DOLLARS BUT NOT MORE THAN SIX HUNDRED THIRTY MILLION DOLLARS,
6 SUCH REDUCTION IN PARI-MUTUEL TAX PAYMENTS SHALL BE TWENTY-FIVE PERCENT;
7 GREATER THAN SIX HUNDRED THIRTY MILLION DOLLARS BUT NOT MORE THAN SIX
8 HUNDRED THIRTY-FIVE MILLION DOLLARS, SUCH REDUCTION IN PARI-MUTUEL TAX
9 PAYMENTS SHALL BE SEVENTEEN AND ONE-HALF PERCENT; GREATER THAN SIX
10 HUNDRED THIRTY-FIVE MILLION DOLLARS BUT NOT MORE THAN SIX HUNDRED FORTY
11 MILLION DOLLARS, SUCH REDUCTION IN PARI-MUTUEL TAX PAYMENTS SHALL BE
12 SEVEN AND ONE-HALF PERCENT; AND IN EXCESS OF SIX HUNDRED FORTY MILLION
13 DOLLARS, THERE SHALL BE NO REDUCTION OF PARI-MUTUEL TAX PAYMENTS. THE
14 NEW YORK CITY OFF-TRACK BETTING CORPORATION SHALL MAKE MONTHLY PAYMENTS
15 OF PARI-MUTUEL TAX BASED UPON SUCH FIFTY PERCENT REDUCTION. WITHIN THIR-
16 TY DAYS OF THE END OF THE FISCAL YEAR OF THE CORPORATION, THE CORPO-
17 RATION SHALL PAY THE REMAINDER OF ANY PARI-MUTUEL TAX THAT MAY BE DUE AS
18 A RESULT OF A LOWER ALLOWABLE REDUCTION BASED UPON A CALCULATION OF
19 ANNUAL HANDLE AT THE CLOSE OF NEW YORK CITY OFF-TRACK BETTING CORPO-
20 RATION'S FISCAL YEAR.

21 S 16. The racing, pari-mutuel wagering and breeding law is amended by
22 adding a new section 623-a to read as follows:

23 S 623-A. FILING OF PETITIONS BY THE NEW YORK CITY OFF-TRACK BETTING
24 CORPORATION. NOTWITHSTANDING ANY LAW, RULE, REGULATION OR EXECUTIVE
25 ORDER TO THE CONTRARY, IT IS HEREBY DECLARED TO BE THE POLICY OF THE
26 STATE OF NEW YORK THAT THE NEW YORK CITY OFF-TRACK BETTING CORPORATION
27 SHALL NOT BE AUTHORIZED TO FILE ANY PETITION AFTER THE EFFECTIVE DATE OF
28 THIS SECTION WITH ANY UNITED STATES DISTRICT COURT OR COURT OF BANKRUPT-
29 CY UNDER ANY PROVISION OF THE LAWS OF THE UNITED STATES FOR THE COMPOSI-
30 TION OR ADJUSTMENT OF MUNICIPAL INDEBTEDNESS.

31 S 17. Section 624 of the racing, pari-mutuel wagering and breeding
32 law, as amended by chapter 115 of the laws of 2008, is amended to read
33 as follows:

34 S 624. Termination of the corporation; ASSUMPTION OF MANAGEMENT OF THE
35 CORPORATION. 1. The corporation and its corporate existence shall
36 continue until terminated by law; provided, however, that no such law
37 shall take effect so long as the corporation shall have bonds, notes or
38 other obligations outstanding, INCLUDING BUT NOT LIMITED TO A LICENSE
39 AND MANAGEMENT AGREEMENT AS PROVIDED FOR IN SUBDIVISION TWO OF THIS
40 SECTION. Upon termination of the existence of the corporation all of its
41 rights, property, assets and funds shall thereupon vest in and be
42 possessed by the state.

43 2. SHOULD THE CORPORATION: (A) FAIL TO PAY ANY COMMISSIONS DUE TO THE
44 IN-STATE RACE TRACKS WHICH SHALL BE DUE NOT LATER THAN SIXTY DAYS FROM
45 THE LAST DAY OF THE MONTH IN WHICH SUCH COMMISSIONS ACCRUED, PLUS AN
46 ADDITIONAL THIRTY DAY CURE PERIOD; OR (B) FAIL TO ACHIEVE POSITIVE EARN-
47 INGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION IN ANY TWO
48 CONSECUTIVE FISCAL YEARS; OR (C) FAIL TO HAVE A BALANCED BUDGET, AS
49 DETERMINED BY THE DIRECTOR OF THE STATE BUDGET IN ACCORDANCE WITH
50 SECTION SIX HUNDRED TEN OF THIS ARTICLE IN ANY FISCAL YEAR; THEN THE NEW
51 YORK RACING NETWORK, INC. MAY ASSUME, PURSUANT TO A LICENSE AND MANAGE-
52 MENT AGREEMENT, THE LENGTH OF THE TERM OF WHICH SHALL BE SUBJECT TO THE
53 APPROVAL OF THE RACING AND WAGERING BOARD, THE MANAGEMENT AND OPERA-
54 TIONAL CONTROL OF THE BUSINESS ACTIVITIES OF THE CORPORATION. IN THE
55 EVENT THAT THE NEW YORK RACING NETWORK, INC. AGREES TO ASSUME MANAGEMENT
56 AND OPERATIONAL CONTROL OF THE CORPORATION, THE FRANCHISED CORPORATION

1 AND THE HARNESS TRACK LOCATED IN WESTCHESTER COUNTY SHALL BE JOINTLY
2 RESPONSIBLE FOR THE MANAGEMENT AND OPERATIONAL CONTROL OF THE BUSINESS
3 ACTIVITIES OF THE CORPORATION ON BEHALF OF THE NEW YORK RACING NETWORK,
4 INC., PROVIDED, HOWEVER, THAT NEITHER SHALL DIRECTLY RECEIVE ADDITIONAL
5 COMPENSATION FOR PROVIDING SUCH MANAGEMENT SERVICES. IN THE EVENT OF
6 THE ASSUMPTION OF THE MANAGEMENT AND OPERATIONAL CONTROL OF THE CORPO-
7 RATION BY THE NEW YORK RACING NETWORK, INC., PURSUANT TO THIS SECTION,
8 THE CORPORATION WILL CONTINUE TO BE GOVERNED AND OWNED IN A FORM
9 CONSISTENT WITH GOVERNANCE AND OWNERSHIP EXISTING AT THE TIME OF THE
10 TRANSFER OF MANAGEMENT. ASSUMPTION BY NEW YORK RACING NETWORK, INC., OF
11 THE MANAGEMENT AND OPERATIONAL CONTROL OF THE CORPORATION SHALL NOT
12 ALTER THE TERMS AND CONDITIONS OF EMPLOYMENT OF THE WORKFORCE, AND ANY
13 CURRENT COLLECTIVE BARGAINING AGREEMENTS WITH ITS EMPLOYEE ORGANIZATIONS
14 SHALL REMAIN IN FULL FORCE AND EFFECT.

15 S 18. The racing, pari-mutuel wagering and breeding law is amended by
16 adding a new article 6-A to read as follows:

17 ARTICLE 6-A

18 NEW YORK RACING NETWORK, INC.

19 SECTION 625. NEW YORK RACING NETWORK, INC.

20 626. DISTRIBUTION OF REVENUES.

21 S 625. NEW YORK RACING NETWORK, INC. NOTWITHSTANDING ANY OTHER LAW,
22 RULE OR REGULATION TO THE CONTRARY, A CORPORATION WHICH SHALL BE NAMED
23 THE NEW YORK RACING NETWORK, INC. SHALL BE INCORPORATED BY THE FRAN-
24 CHISED CORPORATION, A THOROUGHBRED RACING CORPORATION AND ONE OR MORE
25 HARNESS RACING CORPORATIONS WHICH ARE MEMBERS OF THE OFFICIAL COMMITTEE
26 OF CREDITORS OF THE NEW YORK CITY OFF-TRACK BETTING CORPORATION UNDER
27 CHAPTER NINE OF THE UNITED STATES BANKRUPTCY CODE PURSUANT TO EITHER THE
28 BUSINESS CORPORATION LAW OR THE LIMITED LIABILITY COMPANY LAW. THE NEW
29 YORK RACING NETWORK, INC. SHALL BE AUTHORIZED TO CONDUCT OFF-TRACK
30 PARI-MUTUEL WAGERING UNDER THIS CHAPTER AND TO DISPLAY THE SIMULCAST OF
31 HORSE RACES INCLUDING BUT NOT LIMITED TO THROUGH IN-HOME SIMULCAST AND
32 VIDEO STREAMING OF RACES ON THE INTERNET ON WHICH PARI-MUTUEL BETTING
33 SHALL BE PERMITTED SUBJECT TO ARTICLE TEN OF THIS CHAPTER. THE NEW YORK
34 RACING NETWORK, INC. SHALL ISSUE SHARES TO THE FRANCHISED CORPORATION, A
35 THOROUGHBRED RACING CORPORATION AND ONE OR MORE HARNESS RACING CORPO-
36 RATIONS ON A PRO-RATA BASIS BASED ON THE AGGREGATE AMOUNT OF SUCH CORPO-
37 RATION'S PRE-PETITION AND POST-PETITION CLAIMS IN A BANKRUPTCY PROCEED-
38 ING FILED BY THE NEW YORK CITY OFF-TRACK BETTING CORPORATION UNDER
39 CHAPTER NINE OF THE BANKRUPTCY CODE IN THE SOUTHERN DISTRICT OF NEW
40 YORK. THE NEW YORK RACING NETWORK, INC. SHALL BE AUTHORIZED TO APPLY FOR
41 A SIMULCAST LICENSE PURSUANT TO SECTION ONE THOUSAND THREE OF THIS CHAP-
42 TER. UNLESS OTHERWISE SPECIFICALLY PROVIDED, THE NEW YORK RACING
43 NETWORK, INC. SHALL BE SUBJECT TO ALL REQUIREMENTS OF LAW AND REGU-
44 LATIONS APPLICABLE TO NEW YORK STATE PARI-MUTUEL BETTING OPERATORS,
45 INCLUDING APPROVAL OF A PLAN OF OPERATION BY THE RACING AND WAGERING
46 BOARD. THE SHARES OR MEMBERSHIP INTERESTS IN THE NEW YORK RACING
47 NETWORK, INC. SHALL NOT BE TRANSFERRED TO PARTIES OTHER THAN THE
48 ORIGINAL INCORPORATING INTERESTS WITHOUT THE PRIOR WRITTEN APPROVAL OF
49 THE RACING AND WAGERING BOARD. THE SIMULCAST LICENSE FOR THE NEW YORK
50 RACING NETWORK, INC. SHALL INCLUDE THE AUTHORIZATION TO SIMULCAST INTO
51 RESIDENCES, HOMES OR OTHER AREAS THOROUGH EITHER A CABLE TELEVISION
52 SIGNAL, VIDEO STREAMING USING THE INTERNET OR SIMILAR TECHNOLOGY FOR
53 TRANSMISSION OF SUCH SIMULCAST SIGNAL WHICH ARE WITHIN THE CITY OF NEW
54 YORK. NO AGREEMENT OR OTHER WRITTEN CONSENT WITH OR FROM NEW YORK CITY

1 OFF-TRACK BETTING SHALL BE REQUIRED TO AUTHORIZE THE AFORESAID SIMUL-
2 CASTING.

3 S 626. DISTRIBUTION OF REVENUES. NOTWITHSTANDING ANY LAW, RULE OR
4 REGULATION TO THE CONTRARY, THE NEW YORK RACING NETWORK, INC. SHALL
5 DISTRIBUTE ALL SUMS DEPOSITED IN ANY PARI-MUTUEL POOL THROUGH THE NEW
6 YORK RACING NETWORK, INC. TO THE HOLDERS OF WINNING TICKETS THEREIN,
7 PROVIDING SUCH TICKETS ARE PRESENTED FOR PAYMENT PRIOR TO APRIL FIRST OF
8 THE YEAR FOLLOWING THE YEAR OF THEIR PURCHASE. IN THE CASE OF TOTAL
9 DEPOSITS IN POOLS RESULTING FROM REGULAR, MULTIPLE, EXOTIC OR SUPER
10 EXOTIC BETS ON THE RACING PROGRAMS OF THE FRANCHISED CORPORATION, A
11 THOROUGHBRED CORPORATION OR A HARNESS RACING CORPORATION WHICH ARE
12 SHAREHOLDERS OF THE NEW YORK RACING NETWORK, INC., SUCH BETS SHALL BE
13 TREATED AS POOLS FOR AN ON-TRACK BET AT SUCH ENTITY AS PROVIDED FOR IN
14 THIS CHAPTER, EXCEPT THAT ONE PERCENT OF THE TOTAL TAKEOUT IN SUCH POOLS
15 SHALL BE RETAINED BY THE NEW YORK RACING NETWORK, INC. AS A MANAGEMENT
16 FEE. IN THE CASE OF TOTAL DEPOSITS IN POOLS RESULTING FROM REGULAR,
17 MULTIPLE, EXOTIC OR SUPER EXOTIC BETS ON TRACKS LOCATED IN NEW YORK
18 STATE WHICH ARE NOT SHAREHOLDERS IN NEW YORK RACING NETWORK, INC. OR
19 ARE MADE ON OUT-OF-STATE OR OUT-OF-COUNTRY RACES SUCH BETS SHALL BE
20 TREATED AS IF MADE AT A NEW YORK CITY OFF-TRACK BETTING FACILITY WITH
21 RESPECT TO RETENTION OF TOTAL DEPOSITS IN THE POOL AND PAYMENTS THERE-
22 FROM.

23 S 19. Subdivisions 4-a and 5 of section 1012 of the racing, pari-mutu-
24 el wagering and breeding law, subdivision 4-a as amended by chapter 18
25 of the laws of 2008 and subdivision 5 as amended by section 11 of part C
26 of chapter 134 of the laws of 2010, are amended to read as follows:

27 4-a. For the purposes of this section, "telephone betting accounts"
28 and "telephone wagering" shall mean and include all those wagers which
29 utilize any wired or wireless communications device, including but not
30 limited to wireline telephones, wireless telephones, and the internet,
31 to DISPLAY LIVE RACES AND SPECIAL EVENTS, AND, NOTWITHSTANDING ANY LAW,
32 RULE OR REGULATION TO THE CONTRARY, WITH RESPECT TO NEW YORK RACING
33 NETWORK, INC., IF INTERNET WAGERING IS PROVIDED PURSUANT TO THIS
34 SECTION, IT SHALL INCLUDE NEW YORK STATE TRACKS WHICH ARE CONDUCTING A
35 RACE MEET AND A VIDEOSTREAM OF THEIR RACES SHALL BE MADE AVAILABLE UPON
36 THEIR CONSENT, AND transmit the placement of wagers on races and special
37 events offered by any regional off-track betting corporation, and any
38 harness, thoroughbred, quarter horse racing association or corporation
39 licensed or franchised to conduct pari-mutuel racing in New York state.

40 5. The provisions of this section shall [expire and be of no further
41 force and effect after June thirtieth, two thousand eleven] NOT BE
42 SUBJECT TO THE PROVISIONS OF SECTION ONE THOUSAND THREE OF THIS ARTICLE,
43 HOWEVER, NO RACES OR SPECIAL EVENTS SHALL BE DISPLAYED WITHOUT THE
44 EXPRESS CONSENT OF THE ORIGINATOR OF THE RACES OR SPECIAL EVENTS.

45 S 20. The racing, pari-mutuel wagering and breeding law is amended by
46 adding a new section 1013-a to read as follows:

47 S 1013-A. SIMULCAST SIGNAL OF RACES. UPON THE EFFECTIVE DATE OF THIS
48 SECTION AND THEREAFTER, THE SIMULCAST SIGNAL OF ALL RACES RUN AT THE
49 TRACKS OPERATED BY THE FRANCHISED CORPORATION SHALL BE PROVIDED AT NO
50 COST TO THE NEW YORK CITY OFF-TRACK BETTING CORPORATION FOR DISPLAY FOR
51 WAGERING PURPOSES IN ITS SIMULCAST FACILITIES.

52 S 21. Paragraph h of subdivision 1 of section 1014 of the racing,
53 pari-mutuel wagering and breeding law, as amended by chapter 18 of the
54 laws of 2008, is amended to read as follows:

55 h. (1) Licensed harness tracks shall receive, EXCEPT FROM THE NEW YORK
56 CITY OFF-TRACK BETTING CORPORATION, in lieu of any other payments on

wagers placed at off-track betting facilities outside the special betting district on races conducted by an in-state thoroughbred racing corporation, two and eight-tenths percent on regular and multiple bets during a regional meeting and one and nine-tenths percent of such bets if there is no regional meeting and four and eight-tenths percent on exotic bets on days on which there is a regional meeting and three and four-tenths percent of such bets if there is no regional meeting.

(2) (i) In addition, licensed harness tracks shall receive, EXCEPT FROM THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, one and one-half per centum on total handle on races conducted at an out-of-state or out-of-country thoroughbred track provided such harness track is neither accepting wagers nor displaying the signal from an out-of-state track.

(ii) In those regions in which there is more than one licensed harness track, if no track is accepting wagers or displaying the live simulcast signal from the out-of-state track, the total sum shall be divided among the tracks in proportion to the ratio the wagers placed on races conducted by each track bears to the corporation's total in-region harness handle. If one or more tracks are accepting wagers or displaying the live simulcast signal, the total amount shall be divided among those tracks not accepting wagers or displaying the simulcast signal for an out-of-state track.

(3) The terms used in this section shall have the same applicability and meaning as interpreted and applied in sections five hundred twenty-three and five hundred twenty-seven of this chapter.

S 22. Clause (E) of subparagraph 5 and clause (F) of subparagraph 6 of paragraph b of subdivision 1 of section 1016 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, are amended to read as follows:

(E) On days when a franchised corporation is not conducting a race meeting and when a licensed harness track is neither accepting wagers nor displaying the signal from an in-state thoroughbred corporation or association or an out-of-state thoroughbred track:

(i) Such licensed regional harness track shall receive, EXCEPT FROM THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, in lieu of any other payments on wagers placed at off-track betting facilities outside the special betting district on races conducted by an in-state thoroughbred racing corporation, two and eight-tenths percent on regular and multiple bets during a regional meeting and one and nine-tenths percent of such bets if there is no regional meeting and four and eight-tenths percent on exotic bets on days on which there is a regional meeting and three and four-tenths percent of such bets if there is no regional meeting.

(ii) Such licensed regional harness track shall receive, EXCEPT FROM THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, one and one-half per centum on total regional handle on races conducted at out-of-state or out-of-country thoroughbred tracks.

(iii) In those regions in which there is more than one licensed regional harness track, if no track is accepting wagers or displaying the live simulcast signal from the out-of-state track, the total sum shall be divided among the tracks in proportion to the ratio the wagers placed on races conducted by each track bears to the corporation's total in-region harness handle. If one or more tracks are accepting wagers or displaying the live simulcast signal, the total amount shall be divided among those tracks not accepting wagers or displaying the simulcast signal for an out-of-state track or in-state thoroughbred corporation or association.

(F) On days when a franchised corporation is not conducting a race meeting and when a licensed harness track is neither accepting wagers nor displaying the signal from an in-state thoroughbred corporation or association or an out-of-state thoroughbred track:

(i) Such licensed regional harness track shall receive, EXCEPT FROM THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, in lieu of any other payments on wagers placed at off-track betting facilities outside the special betting district on races conducted by an in-state thoroughbred racing corporation, two and eight-tenths percent on regular and multiple bets during a regional meeting and one and nine-tenths percent of such bets if there is no regional meeting and four and eight-tenths percent on exotic bets on days on which there is a regional meeting and three and four-tenths percent of such bets if there is no regional meeting.

(ii) Such licensed regional harness track shall receive, EXCEPT FROM THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, one and one-half per centum on total regional handle on races conducted at out-of-state or out-of-country thoroughbred tracks.

(iii) In those regions in which there is more than one licensed regional harness track, if no track is accepting wagers or displaying the live simulcast signal from the out-of-state track, the total sum shall be divided among the tracks in proportion to the ratio the wagers placed on races conducted by each track bears to the corporation's total in-region harness handle. If one or more tracks are accepting wagers or displaying the live simulcast signal, the total amount shall be divided among those tracks not accepting wagers or displaying the simulcast signal for an out-of-state track or in-state thoroughbred corporation.

S 23. Subdivision 2 of section 1017 of the racing, pari-mutuel wagering and breeding law, as amended by chapter 18 of the laws of 2008, is amended to read as follows:

2. a. Maintenance of effort. Any off-track betting corporation, OTHER THAN THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, which engages in accepting wagers on the simulcasts of thoroughbred races from out-of-state or out-of-country as permitted under subdivision one of this section shall submit to the board, for its approval, a schedule of payments to be made in any year or portion thereof, that such off-track corporation engages in nighttime thoroughbred simulcasting. In order to be approved by the board, the payment schedule shall be identical to the actual payments and distributions of such payments to tracks and purses made by such off-track corporation pursuant to the provisions of section one thousand fifteen of this article during the year two thousand two, as derived from out-of-state harness races displayed after 6:00 P.M. If approved by the board, such scheduled payments shall be made from revenues derived from any simulcasting conducted pursuant to this section and section one thousand fifteen of this article.

b. Additional payments. During each calendar year, to the extent, and at such time in the event, that aggregate statewide wagering handle after 7 Labor P.M. on out-of-state and out-of-country thoroughbred races, EXCLUDING THE AMOUNT OF SUCH HANDLE ATTRIBUTABLE TO THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, exceeds [one hundred] THIRTY-FIVE million dollars, each off-track betting corporation, OTHER THAN THE NEW YORK CITY OFF-TRACK BETTING CORPORATION, conducting such simulcasting shall pay to its regional harness track or tracks, an amount equal to two percent of its proportionate share of such excess handle. In any region where there are two or more regional harness tracks, such two percent shall be divided between or among the tracks in a proportion equal to the proportion of handle on live harness races conducted at such tracks

1 during the preceding calendar year. Fifty percent of the sum received by
2 each track pursuant to this paragraph shall be used exclusively for
3 increasing purses, stakes and prizes at that regional harness track.

4 S 24. Clause (H) of subparagraph (ii) of paragraph 1 of subdivision b
5 of section 1612 of the tax law, as amended by section 6 of part K of
6 chapter 57 of the laws of 2010, is amended to read as follows:

7 (H) notwithstanding clauses (A), (B), (C), (D), (E), (F) and (G) of
8 this subparagraph, the track operator of a vendor track shall be eligi-
9 ble for a vendor's capital award of up to four percent of the total
10 revenue wagered at the vendor track after payout for prizes pursuant to
11 this chapter, which shall be used exclusively for capital project
12 investments to improve the facilities of the vendor track which promote
13 or encourage increased attendance at the video lottery gaming facility
14 including, but not limited to hotels, other lodging facilities, enter-
15 tainment facilities, retail facilities, dining facilities, events
16 arenas, parking garages and other improvements that enhance facility
17 amenities; provided that such capital investments shall be approved by
18 the division, in consultation with the state racing and wagering board,
19 and that such vendor track demonstrates that such capital expenditures
20 will increase patronage at such vendor track's facilities and increase
21 the amount of revenue generated to support state education programs. The
22 annual amount of such vendor's capital awards that a vendor track shall
23 be eligible to receive shall be limited to two million five hundred
24 thousand dollars, except for Aqueduct racetrack, for which there shall
25 be no vendor's capital awards. PROVIDED, HOWEVER, A VENDOR TRACK THAT
26 RECEIVED A VENDOR FEE PURSUANT TO CLAUSE (F) OF THIS SUBPARAGRAPH AS OF
27 JANUARY FIRST, TWO THOUSAND TEN SHALL ONLY BE ELIGIBLE TO RECEIVE A
28 CAPITAL AWARD FOR APPROVED CAPITAL EXPENDITURES ON OR AFTER MAY FIRST,
29 TWO THOUSAND TWELVE, IN AN AMOUNT NOT TO EXCEED ONE AND ONE-HALF PERCENT
30 OF THE TOTAL REVENUE WAGERED AT SUCH TRACK AFTER PAYOUT FOR PRIZES.
31 Except for tracks having less than one thousand one hundred video gaming
32 machines, each track operator shall be required to co-invest an amount
33 of capital expenditure equal to its cumulative vendor's capital award
34 FOR ANY CAPITAL INVESTMENTS APPROVED BY THE DIVISION ON OR BEFORE OCTO-
35 BER THIRTY-FIRST, TWO THOUSAND TEN, AND NO CO-INVESTMENT SHALL BE
36 REQUIRED FOR A CAPITAL AWARD FOR ANY CAPITAL INVESTMENTS APPROVED BY THE
37 DIVISION ON OR AFTER NOVEMBER FIRST, TWO THOUSAND TEN. For all tracks,
38 except for Aqueduct racetrack, the amount of any vendor's capital award
39 that is not used during any one year period may be carried over into
40 subsequent years ending before April first, two thousand thirteen. Any
41 amount attributable to a capital expenditure approved prior to April
42 first, two thousand thirteen and completed before April first, two thou-
43 sand fifteen shall be eligible to receive the vendor's capital award. In
44 the event that a vendor track's capital expenditures, approved by the
45 division prior to April first, two thousand thirteen and completed prior
46 to April first, two thousand fifteen, exceed the vendor track's cumula-
47 tive capital award during the five year period ending April first, two
48 thousand thirteen, the vendor shall continue to receive the capital
49 award after April first, two thousand thirteen until such approved capi-
50 tal expenditures are paid to the vendor track subject to any required
51 co-investment. In no event shall any vendor track that receives a vendor
52 fee pursuant to clause [(F) or] (G) of this subparagraph be eligible for
53 a vendor's capital award under this section. Any operator of a vendor
54 track which has received a vendor's capital award, choosing to divest
55 the capital improvement toward which the award was applied, prior to the
56 full depreciation of the capital improvement in accordance with general-

1 ly accepted accounting principles, shall reimburse the state in amounts
2 equal to the total of any such awards. Any capital award not approved
3 for a capital expenditure at a video lottery gaming facility by April
4 first, two thousand thirteen shall be deposited into the state lottery
5 fund for education aid; and

6 S 25. Subparagraph (ii) of paragraph 1 of subdivision b of section
7 1612 of the tax law is amended by adding a new clause (I) to read as
8 follows:

9 (I) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, SUBSIDIZED FREE
10 PLAY CREDITS AUTHORIZED PURSUANT TO SUBDIVISION F OF SECTION SIXTEEN
11 HUNDRED SEVENTEEN-A OF THIS ARTICLE SHALL NOT BE INCLUDED IN THE CALCU-
12 LATION OF THE TOTAL AMOUNT WAGERED ON VIDEO LOTTERY GAMES, THE TOTAL
13 AMOUNT WAGERED AFTER PAYOUT OF PRIZES, THE VENDOR FEES PAYABLE TO THE
14 OPERATORS OF VIDEO LOTTERY FACILITIES, VENDOR'S CAPITAL AWARDS, VENDOR'S
15 MARKETING ALLOWANCES, FEES PAYABLE TO THE DIVISION'S VIDEO LOTTERY
16 GAMING EQUIPMENT CONTRACTORS, OR RACING SUPPORT PAYMENTS.

17 S 26. Section 1617-a of the tax law is amended by adding a new subdi-
18 vision f to read as follows:

19 F. SUBSIDIZED FREE PLAY. 1. THE DIVISION MAY PROMULGATE RULES AND
20 REGULATIONS OR ISSUE INSTRUCTIONS TO THE VIDEO LOTTERY FACILITY OPERA-
21 TORS GOVERNING THE ADMINISTRATION AND OPERATION OF A PROGRAM OF SUBSI-
22 DIZED FREE PLAY CREDITS TO BE OFFERED TO PLAYERS OR PROSPECTIVE PLAYERS
23 OF VIDEO LOTTERY GAMES FOR THE PURPOSE OF INCREASING REVENUES EARNED BY
24 THE VIDEO LOTTERY PROGRAM FOR THE SUPPORT OF EDUCATION. FOR THE PURPOSES
25 OF THIS SUBDIVISION, "SUBSIDIZED FREE PLAY CREDIT" MEANS A SPECIFIED
26 DOLLAR AMOUNT THAT (I) MAY BE USED BY A PLAYER TO PLAY A VIDEO LOTTERY
27 GAME WITHOUT PAYING ANY OTHER CONSIDERATION, AND (II) IS NOT USED IN THE
28 CALCULATION OF TOTAL REVENUE WAGERED AFTER PAYOUT OF PRIZES AND THERE-
29 FORE SUBSIDIZES THE PROMOTION OF THE VIDEO LOTTERY PROGRAM.

30 2. FOR EACH VIDEO LOTTERY FACILITY, THE DIVISION SHALL AUTHORIZE THE
31 USE OF SUBSIDIZED FREE PLAY CREDITS IF THE OPERATOR OF SUCH FACILITY
32 SUBMITS A WRITTEN PLAN FOR THE USE OF SUBSIDIZED FREE PLAY CREDITS THAT
33 THE DIVISION DETERMINES IS DESIGNED TO INCREASE THE AMOUNT OF REVENUE
34 EARNED BY VIDEO LOTTERY GAMING AT SUCH FACILITY FOR THE SUPPORT OF
35 EDUCATION.

36 3. FOR EACH VIDEO LOTTERY FACILITY, THE VALUE OF THE SUBSIDIZED FREE
37 PLAY CREDITS AUTHORIZED FOR USE ANNUALLY BY THE OPERATOR PURSUANT TO
38 THIS SUBDIVISION SHALL BE AN AMOUNT EQUAL TO SEVEN AND ONE-HALF PERCENT
39 OF THE TOTAL AMOUNT WAGERED ON VIDEO LOTTERY GAMES AFTER PAYOUT OF
40 PRIZES. PROVIDED, HOWEVER, THE VALUE OF THE SUBSIDIZED FREE PLAY CREDITS
41 AUTHORIZED FOR USE ANNUALLY BY A VIDEO LOTTERY FACILITY OPERATOR AT A
42 VENDOR TRACK THAT RECEIVES A VENDOR FEE PURSUANT TO CLAUSE (C) OR (F) OF
43 SUBPARAGRAPH (II) OF PARAGRAPH 1 OF SUBDIVISION B OF SECTION SIXTEEN
44 HUNDRED TWELVE OF THIS ARTICLE SHALL BE AN AMOUNT EQUAL TO TEN PERCENT
45 OF THE TOTAL AMOUNT WAGERED ON VIDEO LOTTERY GAMES AFTER PAYOUT OF
46 PRIZES. PROVIDED, FURTHER, THE VALUE OF THE SUBSIDIZED FREE PLAY CREDITS
47 AUTHORIZED FOR USE ANNUALLY BY A VIDEO LOTTERY FACILITY OPERATOR AT A
48 VENDOR TRACK THAT RECEIVES A VENDOR FEE PURSUANT TO CLAUSE (D) OR (E) OF
49 SUBPARAGRAPH (II) OF PARAGRAPH 1 OF SUBDIVISION B OF SECTION SIXTEEN
50 HUNDRED TWELVE OF THIS ARTICLE AND IS NOT WITHIN FIFTEEN MILES OF A
51 NATIVE AMERICAN CLASS III GAMING FACILITY THAT OPERATED PRIOR TO JANUARY
52 FIRST, TWO THOUSAND TEN, PURSUANT TO A COMPACT THAT INCLUDES EXCLUSIVITY
53 PAYMENTS TO THE STATE SHALL BE AN AMOUNT EQUAL TO TEN PERCENT OF THE
54 TOTAL AMOUNT WAGERED ON VIDEO LOTTERY GAMES AFTER PAYOUT OF PRIZES. A
55 VIDEO LOTTERY FACILITY OPERATOR MAY USE AN AMOUNT OF SUBSIDIZED FREE
56 PLAY CREDITS THAT IS LESS THAN THE TOTAL AUTHORIZED, AND THE DIVISION

1 SHALL ESTABLISH PROCEDURES TO ASSURE THAT SUBSIDIZED FREE PLAY CREDITS
2 DO NOT EXCEED THE MAXIMUM AMOUNT ALLOWED PURSUANT TO THIS SUBDIVISION.
3 4. THE DIVISION, IN CONJUNCTION WITH THE DIRECTOR OF THE BUDGET, MAY
4 SUSPEND UPON NINETY DAYS NOTICE THE USE OF SUBSIDIZED FREE PLAY CREDITS
5 AUTHORIZED PURSUANT TO THIS SUBDIVISION WHENEVER THEY JOINTLY DETERMINE
6 THAT THE USE OF SUBSIDIZED FREE PLAY CREDITS HAS RESULTED IN A YEAR OVER
7 YEAR DECLINE IN THE AMOUNT OF REVENUE EARNED FOR THE SUPPORT OF EDUCA-
8 TION IN THIS STATE BY VIDEO LOTTERY GAMING AT THE VIDEO LOTTERY FACILI-
9 TY, AND SUCH USE MAY NOT BE RESUMED UNLESS THE OPERATOR OF SUCH FACILITY
10 SUBMITS A NEW OR REVISED WRITTEN PLAN FOR THE USE OF SUBSIDIZED FREE
11 PLAY CREDITS THAT THE DIVISION DETERMINES IS DESIGNED MORE EFFECTIVELY
12 TO PRODUCE AN INCREASE IN THE AMOUNT OF REVENUE EARNED BY VIDEO LOTTERY
13 GAMING AT SUCH FACILITY FOR THE SUPPORT OF EDUCATION.

14 5. THE DIVISION, IN CONJUNCTION WITH THE DIRECTOR OF THE BUDGET, MAY
15 REVOKE THE AUTHORITY FOR A VENDOR TRACK TO USE SUBSIDIZED FREE PLAY
16 CREDITS AUTHORIZED PURSUANT TO THIS SUBDIVISION UPON NINETY DAYS NOTICE
17 WHENEVER THEY JOINTLY DETERMINE THAT THE OPERATOR OF A VIDEO LOTTERY
18 FACILITY HAS VIOLATED THE RULES AND REGULATIONS ESTABLISHED OR ANY
19 INSTRUCTIONS ISSUED BY THE DIVISION GOVERNING THE SUBSIDIZED FREE PLAY
20 PROGRAM. THE DIVISION SHALL ESTABLISH CRITERIA TO REINSTATE SUBSIDIZED
21 FREE PLAY AT A VENDOR TRACK FOLLOWING THE REVOCATION OF THE AUTHORITY TO
22 USE SUBSIDIZED FREE PLAY CREDITS.

23 6. NOTHING IN THIS SUBDIVISION SHALL BE DEEMED TO PROHIBIT THE OPERA-
24 TOR OF A VIDEO LOTTERY FACILITY FROM OFFERING NON-SUBSIDIZED FREE PLAY
25 CREDITS TO PLAYERS OR PROSPECTIVE PLAYERS OF VIDEO LOTTERY GAMES WHEN
26 THE VALUE OF SUCH FREE PLAY CREDITS IS INCLUDED IN THE CALCULATION OF
27 THE TOTAL AMOUNT WAGERED ON VIDEO LOTTERY GAMES AND THE TOTAL AMOUNT
28 WAGERED AFTER PAYOUT OF PRIZES, AND THE OPERATOR OF SUCH FACILITY PAYS
29 THE DIVISION THE FULL AMOUNT DUE AS THE RESULT OF SUCH CALCULATIONS.

30 7. THE DIVISION MAY AMEND THE CONTRACT WITH THE PROVIDER OF THE
31 CENTRAL COMPUTER SYSTEM THAT CONTROLS THE VIDEO LOTTERY NETWORK DURING
32 THE TERM OF SUCH CONTRACT IN EFFECT ON THE EFFECTIVE DATE OF THIS SUBDI-
33 VISION TO PROVIDE ADDITIONAL CONSIDERATION TO SUCH PROVIDER IN AN AMOUNT
34 DETERMINED BY THE DIVISION TO BE NECESSARY TO COMPENSATE FOR (I) PROC-
35 ESSING SUBSIDIZED FREE PLAY TRANSACTIONS, AND (II) SYSTEM UPDATES AND
36 MODIFICATIONS OTHERWISE NEEDED AS OF SUCH EFFECTIVE DATE.

37 S 27. Severability. If any clause, sentence, paragraph, subdivision,
38 section or part of this act shall be adjudged by any court of competent
39 jurisdiction to be invalid, such judgment shall not affect, impair, or
40 invalidate the remainder thereof, but shall be confined in its operation
41 to the clause, sentence, paragraph, subdivision, section or part thereof
42 directly involved in the controversy in which the judgment shall have
43 been rendered. It is hereby declared to be the intent of the legisla-
44 ture that this act would have been enacted even if such invalid
45 provisions had not been included herein.

46 S 28. This act shall take effect immediately; provided, however, that
47 sections six, seventeen, twenty-four, twenty-five, and twenty-six of
48 this act shall take effect on the same date as the New York city off-
49 track betting corporation's confirmation of a plan of reorganization in
50 the pending bankruptcy proceeding in the Southern District of New York;
51 provided that the board of directors of the New York city off-track
52 betting corporation shall notify the legislative bill drafting commis-
53 sion upon the occurrence of such confirmation of such plan of reorgan-
54 ization in order that the commission may maintain an accurate and timely
55 effective data base of the official text of the laws of the state of New

1 York in furtherance of effectuating the provisions of section 44 of the
2 legislative law and section 70-b of the public officers law.