JOINT HEARING BEFORE THE NEW YORK STATE
SENATE STANDING COMMITTEE ON RACING, GAMING &
WAGERING; AND
SENATE STANDING COMMITTEE ON JUDICIARY

JOINT PUBLIC HEARING:

TO DISCUSS THE POTENTIAL OF A
CONSTITUTIONAL AMENDMENT RELATING TO
CASINO GAMING IN NEW YORK STATE

Van Buren Hearing Room B, 2nd Floor
Legislative Office Building
Albany, New York 10007

September 7, 2011
10:00 a.m. to 1:00 p.m.

PRESIDING:

Senator John J. Bonacic

Chairman
NYS Senate Standing Committee on
Racing, Gaming & Wagering

Chairman
NYS Senate Standing Committee on Judiciary

PRESENT:

Senator Joseph A. Griffo

Senator Roy J. McDonald

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SENATOR BONACIC: Can I ask everyone to be seated. We'd like to get started.

It's is now September 7th. It's 10:05.

And what we're going to begin, is a Senate public hearing with, the Judiciary, and the Racing & Wagering Committee.

This is the second of three hearings.

Yesterday was at Ontario County. Today we're here. And, Friday, we are in Mineola, in Nassau.

I see our good friend Senator McDonald coming down.

Roy, good morning.

SENATOR McDONALD: Good morning.

SENATOR BONACIC: And let me just make a couple preliminary remarks, if I may.

The purpose of this hearing is twofold:

One, is to review, and see if we can bring improvements and efficiencies within the racing industry.

The second purpose of the hearing is to entertain moving forward with a constitutional amendment for casino gaming statewide.

We want to solicit testimony to see if there's an interest. And if there is an interest, where in the state should it be authorized.

So, that's the purpose of today's public hearing.

We will take written testimony up to this coming Monday, September 12th.

I'm joined by Senator Griffo and Senator McDonald.

Senator Griffo, do you have any preliminary remarks you would like to make?

SENATOR GRIFFO: Thank you, Chairman.

I want to thank you for holding the hearings across the state.

As we discussed yesterday, I think this is a very timely subject, and it's very important, when you look at many of the challenges that we're facing as a state, and we look at some of the issues that are facing racing, and the question of whether or not we should be involved in gaming relative to what already exists in some of the Native American facilities; talking about improving, and looking at a more effective and efficient way of conducting all of the operations associated with gaming and racing.

So I think it's a very -- I'm concerned, and we discussed saturation. There are a number of ideas and proposals out there, so I think it's important to gather input, to be attentive to some

of the various groups that are speaking today.

So, again, I applaud the Chair for his earnest and aggressive desire to try to move across the state to gather input, and to solicit ideas.

And I look forward to listening you to today.

SENATOR BONACIC: Senator McDonald.

SENATOR McDONALD: I just want to thank you for having this opportunity to talk about this topic, across the state. A very important topic to myself, obviously, with the Saratoga Thoroughbred Track, as well as the Saratoga racino and casino in my district.

And I see a lot of familiar faces out there, and I'm glad they're here.

Thank you, sir.

SENATOR BONACIC: Thank you, Senator McDonald.

We're going to start off with our first speaker, Randy King, who's the trustee chairman of the Shinnecock Indian Nation.

Randy, good morning.

I hope you didn't have a rough trip with this terrible weather out there, coming from the Island this morning.

RANDY KING: Yeah, well, what I would like to

do is just say a word of concern to those that have experienced some of the recent flooding with the weather out on Eastern Long Island.

We dodged, seemed to be a little bit of a bullet there. And -- but I know your region really received a lot of rain, and it's currently raining now.

So, issues like that, where self-preservation, your property, things like that, your livelihood, are of, you know, more importance, sometimes, than some of the issues that we do debate.

So, thank you.

SENATOR BONACIC: Thank you for those words.

And a couple other senators were scheduled to appear, but I know they're touring with the Governor in Upstate, looking at the devastated areas from Hurricane Irene.

And this weather is only compounding the flooding. It's insult to injury after Hurricane Irene.

But, Randy, you go forward.

Thank you.

RANDY KING: Thank you.

Good afternoon -- good morning, Senators.

My name is Randy King, and I am the chairman of the Shinnecock Indian Nation Board of Trustees.

The Shinnecock Nation is a federally recognized Indian nation located on the eastern end of Long Island, next to the town of South Hampton.

Our nation has operated as a self-governing nation since time in memorial, long before New York State or the United States even existed.

Despite the fact that the nation had previously been included, and listed under the jurisdiction of the United States by the Commissioner of Indian Affairs, our nation was not included on the list of federally recognized Indian tribes, formally published in 1978.

The nation sought assistance from the United States in 1978 in regard to its land claim. However, rather than assist the nation, the United States accepted this request as a petition for acknowledgment under the then-recently adopted regulations.

In order to ensure equal footing with other Indian nations within the United States, the nation pursued this petition for federal acknowledgment, and was considered Petitioner Number 4.

The petition for federal acknowledgment that

affirmed our recognition as an Indian nation was finally granted on October 1, 2010, after submitting thousands of pages of documented history, and a 32-year struggle with the Bureau of Indian Affairs.

The nation is finally included on the list of federally recognized tribes.

Since the beginning, the lives of the Shinnecock people have revolved around the land and the sea. Our hunting and trading grounds ran from Montauk to Manhattan, and our whalers challenged the Mighty Atlantic from their dugout canoes long before the whaling industry flourished in the nineteenth century.

Traditionally, decisions concerning the welfare of the tribe were made by consensus of adult male members. The trustee system of tribal government currently utilized was imposed on the Shinnecock by the New York State Legislature in February of 1792. This system, which provides that three tribal members serve a one-year term as trustee, has never replaced the consensus process which still remains the primary governing process of the Shinnecock Nation.

However, the trustees continue to play an important role as the nation's leaders for

government-to-government relations. It is in that capacity, as chairman of the board of trustees, that I'm here today to represent the people of the Shinnecock Nation.

Today we number over 1,400 tribal members, roughly half of whom reside on the reservation. Our reservation land is part of our original ancestral lands, which has never been seated and is still occupied by our people.

A significant portion of the remaining members of our nation live within two hours' drive of the reservation within our ancestral territory in the Greater New York Metropolitan area.

As most of our ancestral lands were taken or sold, and that which does remain is held by the nation itself, we are without a tax base to fund essential governmental services.

Despite that fact, we have managed to build and maintain a strong community with our limited resources.

In addition to the Shinnecock Presbyterian Church, our infrastructure includes a tribal community center, a health and dental building, a family preservation building that houses our seniors, Indian education, and cultural enrichment

programs, a museum, and playgrounds for our children.

Because we lack a tax base, we have historically been reliant on our annual powwow, which was hopefully successful this year, and limited State-grant funds to bring in much-needed governmental revenues.

SENATOR BONACIC: Mr. King?

RANDY KING: Yes?

SENATOR BONACIC: Let me have you catch your breath a minute.

I just, will be talking to you, and I'll be talking to the potential speakers, and I apologize for the quick interruption.

We all can read up here. And it would be helpful to us if you could summarize your thoughts, because I see you have 11 pages that you're going through.

RANDY KING: Uh-huh.

SENATOR BONACIC: And I would ask you to try to be selective.

RANDY KING: Okay.

SENATOR BONACIC: We'll stay and listen to all 11 pages if that's the way you want to do it. But, I -- I look forward to the interaction of

asking questions back-and-forth. And we have a fairly lengthy agenda. And these other Senators have commitments, that we have to be out of here by a certain time.

So, I only say that, not only to you, but to everyone that is coming after you.

Okay?

And, again, I apologize for the interruption.

You please continue.

RANDY KING: Okay.

So, then, I'll go into IGRA and tribal gaming, and maybe you'll have some questions on that.

And you've seen our history, and you'll read it, and --

So, Indian tribes have always had the right, as sovereign governments, to engage in governmental activities, including gaming.

The purpose of tribal gaming is to provide for a mechanism to create tribal government revenues that can be used for specific purposes to promote the well-being of tribal communities.

Congress has declared an affirmative policy in support of Indian gaming, by asserting one of the primary purposes for adoption of IGRA is to provide

a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments.

Now, you asked me to, kind of like, give you a little bit of interaction.

We had Hurricane Irene pass by. And, traditionally, and responsibly, the State has always maintained our roads, such as brush cutting, filling potholes; things like that.

One of our roads was blocked in by fallen trees. And we had, you know, put the call out to the Town, and to the State, that, in case we're blocked in, we're going to need some heavy machinery to clear the roads.

Well, the State, because of their budget issues, and because, I guess, of the priority of the highway systems and their priority areas that they got to, you know, go to first, our tribe members were out there on top of tractors, very close to electrical lines, with chain saws, trying to cut our way out.

Now, that's one of the focuses of Indian gaming, is to provide for revenue so the tribe can take care of itself.

I personally have been calling for the State to be able to come in, take their brush cutter, and clear the sides of the roads, because the school bus still goes down our roads. And, for safe passage, we've got to maintain the sides of the roads.

But, due to your budgetary issues, where, our roads are not being maintained.

So, we would like to be able to provide for ourselves and not rely on the State, and to create a better community for all, with the revenues that tribal gaming is supposed to create, so that, I, as a trustee, can maintain for the self-preservation and safe passage of our people.

And that's just one area.

So, IGRA did not create tribal casinos. Large-scale tribal gaming existed, roughly, ten years prior to the passage of the statute.

During that time, the regulatory landscape was a gray area, with states and tribes giving and taking at every turn, where courts, not the self-interest of the respective tribal and state governments, often dictated the terms of the tribal-state relationship.

During this time, neither the states nor the tribes particularly desired the federal government's

involvement in tribal gaming. It was only after the United States Supreme Court decision in "California versus Cabazan Band of Mission Indians," affirming the tribal sovereign right to casino gaming, that the states pushed for federal intervention through the passage of IGRA.

So, I'm going to skip all this other stuff here, regarding, you know, the compacting process, and other studies on other areas' casinos, and get to the future of gaming in New York.

The state of New York is the largest potential gaming market in the world.

With Native American casinos, whether in the Catskills or other locations in the New York City, Long Island, area, New York can realize significant new revenues and tens of thousands of new jobs in the near-term future.

Nation-state compacts offer authorizing Class III gaming operations, run by Indian nations, appear to be the most advantageous path for immediate benefits of gaming revenue, for both the Shinnecock Nation and New York State.

This is because tribal gaming would not require a constitutional amendment, which would entail a lengthy two-year-plus process, with no

guarantees for success of the amendment at the end of the process.

The approval process can begin immediately for development of a Native American casino in the region; whereas, the steps towards commercial gaming in the area would realistically be several years out from adoption of any proposed constitutional amendment.

The history of Aqueduct provides an example of the logistical hurdles the state will face if it pursues a legalizing commercial gaming in New York. The State legislation authorizing VLTs was adopted in 2001; however, ten years later, the VLT proposal for Aqueduct is not yet operating. It is scheduled to open later this year, almost 11 years after State legislation, authorizing the expansion of VLTs at Aqueduct.

This legislation was markedly less complicated to pass than what is needed for a constitutional amendment that would allow commercial gaming in New York.

The VLT legislation did not need passage in two consecutive sessions of the Legislature, nor did it require a constitutional amendment, and it will still be more than a decade before any facility will

open.

New York has not even begun the process for passage of a constitutional amendment authorizing gaming, which requires two consecutive votes of the Legislature before it can be even placed on the ballot.

The process of allocating licenses, setting up regulation, and developing major casinos can take many year. In fact, the RFP process alone could take many years.

Aqueduct is a recent example as to the extensive time it takes to finalize approvals to move forward with gaming, even after such gaming may be authorized under state law.

On the other hand, Native American casinos will be producing jobs and revenues to the state almost immediately.

Furthermore, by focusing gaming on local Native American tribes, the State would assure that a majority of the net profits would stay local, and trickle back through to the public and private sectors in New York, as opposed to being repatriated by a non-New York entity.

I could stop here if you want to ask questions.

SENATOR BONACIC: Do you want questions?

Are you finished with what you want to say, and are you ready for questions?

RANDY KING: I could go on, but, you tell me.

SENATOR BONACIC: No --

RANDY KING: You're the Chair.

SENATOR BONACIC: -- but, if you're comfortable, I'd just as soon ask you some questions.

RANDY KING: Go ahead, yes.

SENATOR BONACIC: Yeah. Thank you.

My first question is: Does the community and the local governments around your nation, support the location of a casino on your reservation?

RANDY KING: Well, if you know the history of our tribe, we were going through a time, where there were many applications for development in our local community. And some of them were in our 4,400-acre land-claim area; our ancestral area.

And every time these, you know, parcels for development come through the channels of the Town, Shinnecock members would go speak at the various forums, you know, with the Town Board. And, we kind of felt like we were, you know, not being heard.

So, a previous board of trustees to mine,

cleared land in our West Woods, Hampton Bays area, reservation, and, we were sued by the State, to stop. And it was for a gaming facility, because, at that time, we felt that we were able, the legal process, afforded us the right to engage in gaming.

We went through the lawsuit, and we came to the point where we are now federally recognized.

Now, we've had good -- we have good relations with our local political leaders. And we told them, at this point, we would like to engage in discussion, where we could conduct gaming off of our tribal property in Eastern Long Island, and engage in an area where it would be more conducive to the outside community, where the infrastructure is in place to handle it where the revenues could be greater so that the States's revenue could possibly be greater and the tribes revenue could be greater, and that the market could handle it.

So, we do have a land area in Eastern Long Island, and we have great relations with our local community. And, from the federal level to the state level to the local level, you can ask anyone: Shinnecock nation has got good relations.

SENATOR BONACIC: Okay. You've indicated

that -- I think I read in your testimony, that elections are every year for a trustee?

RANDY KING: Every year.

SENATOR BONACIC: Does that present a problem with consistency of policy and leadership as you go forward?

You may have an idea on how to proceed. And, as you enter into negotiations, tribal politics, Native American politics, change, "inside baseball," and then there's someone else that's there.

RANDY KING: Uh-huh.

SENATOR BONACIC: Do you view that as a problem, or are you confident that there is a consistency with the people that are behind you, who will accede to leadership in the immediate future, will carry on the goals that you're trying to achieve?

RANDY KING: That's a good question.

Usually, I defer to the elders in our tribe, you know, when we come to questions like that.

And I look back on past practice and past history, and you have some trustees that have served for 16-plus terms, which is 16 years; 30-some-odd years.

And, the old-timers say: If you're doing a

good job, we're gonna let you back. If you mess up, we only got to deal with you for a few months, and you're out of there.

So, that's the wisdom of the elders. And it has not posed a problem since the 1700s.

SENATOR BONACIC: The Bureau of Indian Affairs has, in my opinion -- not your opinion, my opinion -- they've been all over the place when it comes to approving Native American land-into-trust applications. And they have been inconsistent.

I'm asking you -- and it's disturbed me, watching, because there have been many Native American, tribes, nations, that have been trying to move forward with the Bureau of Indian Affairs. And, they're led on, and a stop sign goes up, and they're inconsistent: You can't do this. You can do this.

And, so, I'm asking you: Has anyone in the Bureau of Indian Affairs given you assurances that they will start processing land-into-trust applications in New York where a casino would ultimately be sited?

RANDY KING: Well, it sounds like the federal government needs to take a page out of our book, and go to one-year terms, because that seems to be what

we have endured from one administration to the next; that, you know, you have a -- you know, a 75-mile radius, then it's repealed.

Then you have "Carcieri versus Narraganset Indian Tribe," and that you're, you know, precluded from taking land into trust unless you were recognized prior to 1934.

It's -- and they took it to the Supreme Court with semantics, over the one word, the word "now" -- "now recognized."

We feel that those issues will not preclude us from taking land into trust. The Shinnecock Indian Nation was under federal jurisdiction. And, we are very confident that we will be able to engage in gaming immediately.

SENATOR BONACIC: Okay, I guess what I'm asking you is, you finally got recognized by the federal government, you said in 2010. It took you many years to get to that point.

I'm trying to measure the progress, from your recognition in October of 2010, to now, with the Bureau of Indian Affairs.

Are they giving you any signals -- any discussions, conversations, assurances -- that encourage you to move forward, or you don't have a

read?

RANDY KING: We've had some discussions with, you know, some bodies of individuals that say, that the Shinnecock Indian Nation is on firm footing.

But, you're right; it is a precarious road for some tribes. And -- but I can only speak on ours.

And we've been recognized for not even a year, and here I am testifying on gaming in New York.

So, I would call that progress.

SENATOR BONACIC: Thank you, Mr. King.

Anyone else have any questions?

Senator Griffo.

SENATOR GRIFFO: Thank you, Mr. King. Appreciate you being here today.

I think that, as we look at this issue, we have to look at it comprehensively, like: How we're going to do it. Who's is going to do it. What we're going to do, relative to the issue, relative to the racing industry and commercial gaming.

Is it my understanding that you do -- you don't believe that the State actually should legalize gaming? That, we should just continue to allow Native American nations to engage in this

process? That the State should not move forward in this?

I don't want to mischaracterize that, but I think that's what I was hearing.

RANDY KING: Well, the tribe has the legal right to do it now. And I've -- this is my sixth term as a trustee, five terms of that being chairman.

And we've -- I've sat before the Boards of Council, of four different governors of the state of New York.

So, you tell me; if you legalize gaming, I think the tribe is going to get the short end of the stick on that one.

And I have made comments to the local newspaper, "News Day," about three years ago, when Aqueduct was, you know, being revved up.

And I said: What happens if the State starts opening up multiple gaming facilities? They're not going to need the tribe, and we're the entity that has the legal right to do it now.

So, once again, that's another one of our rights that are kind of pushed to the side, just like those applications for development in the town of South Hampton where no one listened to us.

SENATOR GRIFFO: If we were to take that approach, and if you were to look at Native American gaming enterprises, we already have about five in the state, how -- who decides where they go then, outside of the land-claim area?

Because there's a number of interests: The Senecas are interested in the Catskills. The Oneidas are interested.

How do we determine who should get that?

And I know the federal government plays a role in that, but when it goes outside of an actual land-claim area, how do you think that should be resolved then --

RANDY KING: Well, that would be --

SENATOR GRIFFO: -- as to determine, who would get the casinos, where?

RANDY KING: Well, are you talking about, as like a bid for commercial licenses, or a compacting process with the tribe talking to the governor?

SENATOR GRIFFO: It could be both.

RANDY KING: Well, you know, that's up for -- you know, that's for the State to decide, how many, you know, licenses to bid, what -- how the market can absorb it.

You know, will it remain competitive? Can

everyone live?

Our process is to go before the governor, and discuss the issues, and to talk about respective gaming facilities in, you know, the New York Metropolitan, Nassau, Suffolk, county areas.

SENATOR GRIFFO: And you talked about how New York can recoup a significant amount of revenue.

I have a concern with saturation.

So, at what point do we determine enough is enough?

Even if you have all of these Native American sovereign nations, indicating that they have an interest in this, based on what you had discussed, how do we make a decision that there's too many?

RANDY KING: Well, we've got --

SENATOR GRIFFO: I mean, how many do you think we can sustain?

RANDY KING: Well, I've got, you know, some of those studies in our testimony here, which, you know, you're welcome to look at.

I don't envision a scenario, where, you've got Las~Vegas or Atlantic City, where you have you know, 10, 15 casinos on one block.

The market -- this is the biggest -- well, the greatest city. New York City, is the greatest

city in the world, in terms of, you know, what it has to offer: the transportation, the subway systems.

And if you spread them out enough, you know, I think they can co-exist, you know, Indian casinos.

And if you do adopt commercial casinos, I think that there is enough of a market share, you know, without oversaturating the area.

But, we do have those studies and, you know, what is enough. You know, how much -- how many is enough.

SENATOR GRIFFO: Okay. Thank you.

RANDY KING: You're welcome.

SENATOR BONACIC: Senator McDonald?

SENATOR McDONALD: Nothing.

SENATOR BONACIC: Okay.

Thank you very much, Mr. King.

RANDY KING: Thank you.

SENATOR BONACIC: Thank you for attending.

Our next speaker is Kim Vele, president of the Stockbridge-Munsee Community.

Looks like the sun just came out. This is good.

KIM VELE: Good morning.

SENATOR BONACIC: Good morning, Ms. Vele.

Thank you for being here.

I hope the Bureau of Indian Affairs sees this as a commutable distance, you know, from where you came.

[Laughter.]

SENATOR BONACIC: But, you would like to present some testimony, and speak?

KIM VELE: Yes.

SENATOR BONACIC: Please do.

KIM VELE: Before I could begin, I would like to say: [Speaks in native language.]

It means, in the Stockbridge-Munsee language: Thank you for this day, Creator.

Good morning, Chairman Bonacic, and members of the Senate, Judiciary, and Racing, Committees, Senators Griffo and McDonald.

Thank you so much for allowing me to give testimony this morning.

I started with, I wanted to be impromptu about this. And then I went to, I think I better stick with my statement. And now I'm convinced that I want to just present to you a conversation about why Stockbridge does not take a position as to whether the State should pass a constitutional amendment to open up gaming, and why New York should

pursue, continue to pursue, Indian gaming among the options that the State has.

Stockbridge-Munsee has a long history. This is our aboriginal home. We were removed forcibly. We suffered indignities beyond anybody's imagination. We have been removed numerous times, and we ultimately ended up in Wisconsin.

And I'm very proud to say that we have a story of success and survival.

And any time I leave away from home, and I go as chairperson to represent my people, I ask them: What is the message that you want me to communicate to others?

And it's very simple, and it's very clear: We are a people, despite what Fenimore Cooper says, in terms of the Mohicans, there are no "last of the Mohicans."

We are the last of the Mohicans, and we survive. And we are grateful that we survive.

So, we are a story of persistence and tenacity, and work against all odds.

I also point out in my testimony, that we have an insignia called "Many Trails."

And the "Many Trails" represents the different routes that we've had to take, and our

ability to be flexible in whatever we do.

So, it's a sad tale, in that, we still remain connected to our ancestral home ground. Our ancestors are buried here. We have significant sites.

And we will never, despite what anybody ever says to the contrary, forget that this is our aboriginal homeland.

So, it's hard, and painful, for me to hear that we should be treated as an out-of-state tribe, or, we don't have any business in the state of New York.

I beg to differ.

My ancestors are buried here. And I return every opportunity I get, and I say my prayers to my ancestors. And I am grateful for the things they did, to protect our tribe, and our ability to survive.

I also understand my continuing obligation to the rising generations, and that is why, from generation to generation, for the past 160 years, we have passed this story of survival, and our right for an appropriate place in New York's history, here.

That led, when I was a very new attorney, in

the early '80s, to a conversion of a pending land claim that we had in the Court of Claims, filed in the 1950s, to an actual land claim that we filed in the federal district court.

And to my amazement, after being away from the tribe for 25 years, and returning back, I discovered that the tribe's pending land claims, here in the state of New York, continue to pend.

I want to emphasize, that, our tribe's seeking justice on the loss of our land base here, has resulted in an evolution of sorts, as to where we are now.

These actions were filed long before Indian gaming was ever considered. At most, we had, in the 1970s, high-stakes bingo.

And, when I started as a tribal attorney, we had unemployment rates on the reservation of excess of 86 percent.

And, I'm glad to say that high-stakes bingo brought economic development to our area, and increased opportunity for our members.

It's also very clear to me that states and the federal government suffer the same budget crises that every local government suffers, and there's not money to provide a return of land, or recognition in

that regard.

So, when Indian gaming came on the scene, it presented an opportunity to look at the land claim in a different way, and say: All right, we recognize, if we can't get land, in return, perhaps the State of New York would give us an opportunity to make some money. And that economic return might be able to help the tribe purchase the areas that we feel are important to protect; the culturally significant, archaeologically significant, and significant ancestral burial grounds, here.

So, we took a different route; a different path, if you will. And we have always had two paths since Indian gaming.

One is, the two-part process for the land-into-trust.

And one is, through the mechanism of the land-claim settlement.

I think, in the last two years that I became president, we really pushed, to the extent that we were able, the land-claim settlement.

I'm glad to say that Sullivan County, the towns of Stockbridge, the town of Madison, local school districts, at every level, we have individuals that sat at the table to work creatively

with us, to craft an agreement that would work for everybody.

And I'm very proud to say that, through that process, there are numerous individuals that we can sincerely call friends now, because we committed to a joint resolution, creative resolution, that would address everybody's concerns. And I honestly thought it was a win-win for everybody, and it would be easy for the Department of Interior to approve us, and let everybody move forward.

Unfortunately, that didn't happen. But, you continue to say your prayers, and say, maybe something else will happen, and allow this to go forward in a different way.

And, those prayers were answered a couple of weeks ago, when Assistant Secretary Larry Echohawk announced that the department's policy of imposing a communability standard that, effectively, created a ban for all off-reservation gaming, would be eliminated, and they would renew their review of our two-part application.

So now we have yet one more opportunity to make the case for the Department of Interior.

In this regard, I ask, and I implore, the State of New York, to continue to work with us, as

Governor Paterson did in the past, to be our partners when our time comes up for that review, and to stand by us, and say, "We're committed."

And I speak to you now as a politician, and I am a little bit confused as to why we have to choose one versus the other; why constitutional versus Indian gaming; when, in fact, there are many states where Indian gaming stands side-by-side with the constitutional and state-operated gaming facilities.

Let the market sort out what the saturation point is, and what's appropriate.

In these times of particular need for, and I want to say, desperate need for jobs, because that's not -- that's not anything new here, it's always been part of our, what we've been most proud of, in working with the unions, in full local-services agreements and union agreements.

And I do come from a union background. My father was a very proud member of Local 1 Ironworkers. Had many Mohawk friends who were ironworkers in the state of New York.

So, I'm a -- born and raised by -- by blue-class working union members, and I'm very proud of that fact.

And it's part of our project.

But, as a politician, I can't understand why we wouldn't, and why you wouldn't, as leaders in the state of New York, pursue every possible path that might lead to, jobs, and project development.

I encourage you to do that. And I think it's the smart thing to do, because, people need jobs. And this represents a significant job-creating project, and an impetus for further growth and development in Sullivan County.

For myself, despite looking everywhere I can, I have never found a project that wasn't approved, that didn't turn out to produce the jobs that it promised to produce, or the economics development that it promised to produce.

I haven't seen a project yet, where Indian gaming was said to have been a bad decision.

So, having that in mind, I encourage you to continue to work with Stockbridge, and other tribes, in pursuing Indian gaming, as well as constitutional amendments.

Anything, that will lead to jobs, job creation, and project development.

I want to say one final thing, because, reengagement on the issue of Indian gaming, with particular emphasis on Stockbridge, creates, I

think, questions concerning the Tribe's credibility as a partner, and whether we're going to make the payments that we've agreed to make under the compact that's been negotiated, and so on and so forth.

The Stockbridge-Munsee Tribe has been in the gaming business and industry, starting with high-stakes bingo in the late '70s, developed into a full-fledged casino in Wisconsin.

We have never, ever missed a payment in our compact with the State. We have negotiated numerous tax agreements with the State of Wisconsin, and we have abided by every provision within those agreements.

So, I think our track record should speak for itself.

I know that Governor Paterson, in the past, had concerns about our credibility in that regard.

And I actually did ask the then-governor of the state of Wisconsin, Doyle, "Can you vouch for us?"

And he said, "Absolutely." And made the call to Governor Paterson, and vouched for us.

So, I don't know what more I could do to convince the State of New York that we would make good partners.

And I encourage you to take that into consideration.

And, I've never, ever known any state -- in fact, I think states spend a tremendous amount of money attracting out-of-state businesses. So, I don't know why being an out-of-state, if that's the way we're going to be considered, an "out-of-state tribe," should be a deterrent.

I would think that any business that wants to locate in the state of Wisconsin would be welcome -- or, state of New York would be welcome.

And, so, I would encourage you to, please, look, and consider us in that light as well.

Having said all of that, I'll be -- I'm here to answer any questions you may have.

And, my testimony, otherwise, speaks for itself.

SENATOR BONACIC: Thank you, Madam President.

Your problem has never been with the State of New York. We have always been a good partner with the Stockbridge-Munsees, because, we have examined your record in Wisconsin. We've had many conversations with leaders of your nation. We've had many conversations with your partners, Trading Cove.

And, we thought you were first-class, and, we still do.

KIM VELE: Thank you.

SENATOR BONACIC: But, you know, the Bureau of Indian Affairs has frustrated your application. It has never approved it.

We, in Sullivan County, which is the county that I represent, I think, the local government, the county government, the unions, they all embrace that agreement that you made with the parties of interest, only to be frustrated in Washington.

And -- but let me ask you a couple of questions, if I may.

KIM VELE: Yes.

SENATOR BONACIC: You've pointed out, that there shouldn't -- we shouldn't be of the mindset, constitutional amendment, or Native American casinos.

I don't think that we're of that mindset.

I think that we're going down two parallel avenues, and we're going to try to make decisions on what's best for the people in the communities, the taxpayers, and the State of New York.

So, I don't want you to leave here with the impression that constitutional amendment is the road

we're going down, and we're not going to consider Native American applications.

As you know, year and a half ago, we went to Washington, to try to help you with the Bureau of Indian Affairs.

KIM VELE: Yes.

SENATOR BONACIC: But, again, they put up the stop sign.

And, when I came away from that meeting, I came away, the conclusion, that it's congressional politics.

It was Senator Reid, and it was Congresswoman Pelosi, exercising congressional muscle, permeating the Bureau of Indian Affairs, to frustrate your application.

And, to this day, even though they have allowed -- taken the handcuffs off with communicability distance, they still have not approved your application.

And I'm glad that you're going back, and be persistent.

The other point I would like to make, is, just a couple of weeks ago, a Green County historian in the "Catskill Daily Mail," which is a newspaper, recognized your historical roots in the Catskills.

So, as far as, me speaking as the Chairman, we know, that you have roots in the Catskills, and shouldn't be treated as an out-of-tribe nation.

Okay?

This is just my personal opinion.

I've been talking to the Senecas quite a bit. We had extensive testimony yesterday.

And I'm just curious, in Wisconsin, did you have any kind of exclusivity agreements, or any problems with the local governments or state governments? And how did you resolve them in Wisconsin?

KIM VELE: Actually, the relationship locally, in Wisconsin, has improved dramatically, and, in part, out of financial necessity to do so.

Rather than having parallel governments do parallel things, we decided, maybe we should all sit at the table and work together on projects.

So, I'm very proud to say, that, Stockbridge has worked with Shawano County, with the towns of Red Springs, towns of Bartolome, on numerous projects, for road improvement, wetland rehabilitation.

Salt purchases, we work closely with the State of Wisconsin.

In fact, when the tribe flew out from Wisconsin, to sign the historic settlement agreement with Governor Paterson, it was on the Governor's jet that the tribe negotiated for state rates.

So, we have a wonderful working relationship with all levels of government, as well as other tribes.

Is it true, our compact had a semi-exclusive provision in it?

It was a bit loose in its language. It allowed for the Ho-Chunk Nation to open up a casino, rather close to us, with more machines than we originally anticipated, but, we're learning to live in -- with that.

And we're also discovering, after the fact, that, having three casinos being located close to one another actually is an additional draw for many people.

SENATOR BONACIC: Okay.

KIM VELE: So, it's not worked to the negative.

SENATOR BONACIC: Any one else?

Joe, want to ask her any other questions?

Anybody else?

Joe?

Okay.

KIM VELE: That's it?

SENATOR BONACIC: I want to thank you for coming in this terrible weather.

KIM VELE: And I want to thank you for your continued supported. And, for New York's continued support; Sullivan County, town of Madison, town of Stockbridge.

It really is heart-warming.

And thank you again for the opportunity.

SENATOR BONACIC: You have a safe trip back, okay?

KIM VELE: Thank you.

SENATOR BONACIC: Our next speaker is: James Featherstonhaugh, the President of New York State Gaming Association; Michael Wilton, the executive director of the Gaming Association; Timothy Rooney, of Yonkers Raceway; Michael Speller, of Resorts World New York.

Good morning.

JAMES FEATHERSTONHAUGH: Good morning.

SENATOR BONACIC: Okay, so, Mr. - I see -- I announced Michael Speller, but I guess --

JAMES FEATHERSTONHAUGH: Christian Goode --

SENATOR BONACIC: Okay. Thank you.

JAMES FEATHERSTONHAUGH: -- has joined us from Resorts World of New York.

SENATOR BONACIC: Okay, you're on.

JAMES FEATHERSTONHAUGH: Thank you, Mr. Chairman.

First thing I want to do is, turn around, and apologize to all of the people that worked for us in preparing the testimony for this hearing.

You'll recall, the Chairman said the members of the committee can read.

I don't believe he promised us they would read. But, in any event, I'm confident they're going to read it, so, we're going to depart from the testimony, and accept the Chairman's invitation to engage in a dialogue with the committee.

And I think it's a dialogue that really needs to take place in New York, and that we need to get away from skirting what are the fundamental issues that confront the New York State Legislature as it fulfills its duties to protect the rights and interests and welfare of the citizens of the state of New York.

We have brought some props with us, which I hope is acceptable to the Committee.

And, let me see if I can get your attention

over to this side, just to tell you who we are.

We're the New York Gaming Association.

We are recently formed within the last two months. We're a not-for-profit organization, that is made up, proportionately -- I say "proportionately," in terms of support of the organization -- we are made up of all of the racetrack casinos currently existing, or about to come on-line, in New York, starting with: Resorts World at Aqueduct, Empire City at Yonkers, both of which are represented here.

Empire Resorts at Monticello, which I know, Mr. Chairman, is in your area;

Saratoga Casino and Raceway, in Senator McDonald's area;

Tioga Downs and Casino, near Binghamton;

Vernon Downs; Finger Lakes Casino and Racetrack; Batavia Downs Casino; and, Hamburg Casino, at the Fairgrounds.

If you look at that map, and the distribution of it, and then you imagine the three Seneca casinos, Turning Stone, and the Mohawk Akwesasne Casino, you will see that New York already has gaming.

The Governor mentioned that the other day,

and he was right.

The question is: What does New York's gaming model look like, and how it works, I suppose, if it should evolve?

On that point, I will tell you, that New York has the best model for gaming in the country.

And I want to refer to the -- I thought a very crisiant remark made by our first speaker, who said, New York has the potential, and really is the best gaming market in the world.

Now, there may be some people in Malaysia or Hong Kong that would argue that.

I'm sure Senator Reid, who you mentioned, wouldn't argue that, because, Senator Reid is eating our lunch. Our gaming market is going to his state.

New York State loses between 3.1 billion and 5 billion dollars a year, that goes untaxed, unnoticed, uninvested, and unspent in New York, because it is spent in Connecticut, Atlantic City, Nevada, Canada, other venues.

That does not need to happen.

New York does not have to allow that to happen, and it certainly doesn't need to encourage it to happen.

Here, in New York, the other thing I want to

take you back to, because I think that this sets a context that's critically important for this committee: Our first speaker said, look it, you can't rely on these racetrack casinos. My goodness, you passed legislation in 2001. Aqueduct still isn't open. What have they done for you?

Well, in 2001, the State of New York did two things: It authorized three tribal casinos in, Sullivan, and Ulster, County. And, it authorized the development of the racino industry.

There are no tribal casinos in Sullivan County.

SENATOR BONACIC: Thank you, Jim.

[Laughter.]

JAMES FEATHERSTONHAUGH: In 2004, Saratoga casino opened in Senator McDonald's district.

In that time, between 2004 and now, little tiny Saratoga Racing and Gaming, had sent you Senators, every year at the budget, between then and now, we have sent you over $660 million, to support agriculture, education, breeding, racing, jobs...everything that's economically good for the state of New York.

When you spread that across all of the

casinos that are open, and the casino that is now opening, it is billions of dollars.

So, before you listen to people tell you what they're going to do, I would urge you to ask them what they've done.

We have built an industry in this state. And with your support, and your help, we can make this industry a jewel for New York State, and a model of public-private partnerships across the country.

Now, you say that -- or, I say, that -- and our previous speaker said, that this market is the best market in the world.

I would like to ask Tim Rooney, from Yonkers, to tell you a little bit about the market, and what other people are trying to do to your market.

Tim?

TIMOTHY ROONEY: Thanks.

Thanks, Jim.

Thank you, Senators.

I think, Senator Bonacic, I know you were at our property recently, so, you're familiar with what we have going on there, and the success story that we've become thus far.

But, just for the benefit of the other Senators --

SENATOR BONACIC: Tim, you may want to bring that mic closer.

TIMOTHY ROONEY: Sure.

Just for the benefit of those -- the other Senators in the room, as well as the record: We've opened -- we opened in late 2006. And we have, since that time, contributed, as Jim said, what small little Saratoga's contributed -- which, they're doing a fabulous job here -- we've contributed almost $2 billion to the state, and to agriculture, to education.

We're the largest employer in the fourth largest city, the city of Yonkers, which has, you undoubtedly hear every budget time, is struggling on its own. They're laying off teachers.

We're very a positive employer there. We -- I think the majority of our employees come from Yonkers, or very -- you know, the surrounding areas.

The majority of those employees, almost two-thirds, are women and minorities.

So, we're very proud of our, record of employment, record of investment. And we have established a very successful property in a short time.

In fact, right now, we're undergoing a

$40 million expansion, to provide some additional amenities, to provide more space on our gaming floor, to provide more comfort for our patrons, and to provide more jobs.

But, as Jim said, you know, it's -- we are -- we're in the New York market. We're 15 miles from Times Square, and that's the market we attract.

It's also the attract -- it's also the market that the out-of-state casinos -- Atlantic City, the Pennsylvania casinos, the Connecticut casinos -- those are -- they're targeting our customers.

And if you look over here, I have a couple of examples of some of the efforts that some of the -- specifically, the Connecticut casinos, have come up with.

And, these are right in our backyard.

This says -- this is in a local Westchester magazine, touting the amount of jackpots that Mohican Sun has paid out.

It's a Westchester-based magazine.

This is a clip from the "Westchester Golden News," that talks about two former casino hosts that worked at, Yonkers Raceway, and Empire City, that are now at the Mohican Sun. Enticed some of the customers that they had relationships with at our

property, to go visit them.

And, you know, these are my two favorite examples here.

These are slot -- or, these are billboards, that, as soon as you're exiting our property, they're right across from the State Thruway, and they're sort of aimed right at our customers that are leaving our parking lot.

One is Foxwoods, touting the Foxwoods and slots in Connecticut.

And this one here, I apologize for the poor picture, but, it's touting, if you go to Mohican Sun and you show them your Empire City club card, they'll give you $100 in free-play, to attract, you know, our customers to them.

And, you know, just as an example of them, basically, coming right into our backyard, taking our customers, and trying to entice them to Connecticut, where they pay no taxes. And where, you know, the State of New York is getting no benefit from them.

JAMES FEATHERSTONHAUGH: Speaking of taxes and benefit to the State of New York, and the citizens of the state New York, I would like to call your attention: I know you all know this,

intellectually, but, often, I think when we talk about gaming, people just don't think about it at all.

The gaming dollar which is spent at New York racetrack casinos, at one of our nine facilities, 48 percent of that dollar goes to children's schools and teachers. And it's mandated to go there. It has to go in that Fund -- or, 48 percent of it.

10 percent -- and this is, I think, underappreciated by some of your colleagues, particularly from Downstate, but, you know, all of Upstate has struggled. And no one has struggled more than our farmers and our agribusiness.

Well, 10 percent of that dollar goes to breeders, farms, horsemen.

I know, I'm sure Senator McDonald saw, that once Saratoga went into business, and we had the purse structures that would support the entrepreneurial spirit of our trainers and drivers, they bought training farms. They expanded farming operations.

In fact, we were original -- our original funding came from a bank, a federally chartered bank, that can only invest in agricultural projects.

Another 10 percent goes back to capital

investment, all of which is invested here in New York State. It's not, with that respect, invested in Wisconsin, or in any other state. It's invested here in New York.

22 percent of the racetrack operations, jobs, employees, work force, and so on.

And 10 percent goes back to help the State Operations budget, through the division of the lottery, do its job, and maintain these places the way they're supposed to be.

If you take a look over here, you'll see what New York's racetrack casinos contribute in the last -- will contribute in the budget year, from 2010 to 2011. It will be $632 million. That's what's just going to the State of New York, not the other investments.

You'll see, whatever virtues, whatever the issues are, with Native American casinos, in that budget year, New York State will receive zero.

Now, I'm not trying to simplify the issues that you have to deal with when discussing Native American casinos.

And I understand, as I'm sure you do, that IGRA is a scheme that allows, and that encourages, providing economic support for tribes. But, every

dollar that's spent in a Native American casino, is a dollar that isn't distributed across the state of New York, to the children, teachers, farmers, that work in the state of New York.

That's what we have done this year.

And I would like to ask Christian Goode to speak a little bit about what we'll be doing next year for the state.

CHRISTIAN GOODE: Thank you, Jim.

Thanks, Senator Bonacic, members of the Committees.

As Jim points out, 632 is what's coming into the state this year (inaudible).

When resorts (inaudible) Aqueduct (inaudible) 1.1 million. That's if nothing changes; if we stay on the current path that's envisioned for New York. The VLT operations, we operate as a racetrack casino.

In our opinion, that's just the starting point.

Just to give a little background on our project: We're less than two months from opening a Resorts World at Aqueduct.

To date, we've created more than 1,200 construction job. These are union -- all

unionized jobs. We're subject to a PLA that, I think, from all accounts, has been very successful. The trades are very happy. They have provided a great work force, and our project is moving along in a manner that's consistent with what we think New York expects in a good partner.

When we're fully built out, which should be by the end of the year, we expect to have 1,300 permanent jobs. Not minimum-wage jobs, not jobs that, you know, people are transient to, coming in and out, but jobs that are good-paying. They're careers.

We expect to be an employer for at least 30, more likely 50 or 60, years in the future, in Queens.

The jobs we're creating, the average job's going to be about -- average salary, including benefits, is going to be about 45,000.

We think that what we bring to that area is rejuvenation. We spent a lot of time working with the community.

As Tim pointed out, his minority numbers, of being two-thirds minority, or women, to date, our number is tracking about 80 percent. And of that, 90 percent of our entire work force is probably from

five miles within -- within five miles of our facility.

So, we are creating jobs. The industry is creating jobs.

When we open, as we point out, it's going to be 1.1 billion that goes to New York State, to support education and educate children in New York State.

Our $830 million investment to date is just the starting point. That investment can grow. We think that there -- as Jim pointed out, there's potential for a private-public investment model that will be second to none in the U.S.

I'll just give you some insight into some of our plans.

We'd love to build a convention center. We are going to start doing the planning. We've already started the planning stages of it.

We plan on building the largest contiguous exhibition hall in the United States. About a million square feet, with another half a million in the stage one, for meeting, uhm, the largest free-span ballroom.

If all goes well, we think we will be able to break ground in January of 2014. We have some

permitting obstacles we have to go through, comments, and some studies that we have to do.

That's a new market that's bringing money into New York State.

That's bringing tourist dollars here, that's bringing conventions. Different money coming in.

At $2,000 per attendee, that a convention delegate will normally spend, and that's a common metric across the U.S., that instantly creates a billion-dollar boost to the New York City and New York State economy.

Those are the type of things that can happen if the future of gaming in New York State is somewhat enhanced.

I don't think any of us would support an expansion, but, rather, an enhancement.

The ability to compete with peoples that Tim Rooney mentioned, the Foxwoods of Connecticut. Compete with companies or states that are taking money out of our state and not bringing anything back.

We want to be a good partner. We think we're in a position to be a good partner, as an industry. I think that we're prepared, the nine members of NYGA, to spend billion of dollars in capital

investment.

So, we would ask that if you consider the partner that you have, the track record of success that that partner's provided you, when you're making decisions, or contemplating what the future should look like.

JAMES FEATHERSTONHAUGH: Senator, you know the nine racetrack casino operations in New York. We've all been in business now, with the exception of my friends at Resorts World, for a number of years.

Our communities know us. We've worked with our communities. We're large, or largest, employers in our communities.

When you proceed, I would urge you to think about not looking at other states' models for gaming. Take some pride in yourselves and in New York. You've created the model. This is how gaming should be distributed.

The old cluster model of gaming in Atlantic City, with all due respect to my pals in New Jersey, we don't want to create any Atlantic Cities here in New York. That's a failed model.

What we have created, what you have created,

in New York, is a model that works.

Yes, you have to figure out what you're going to do with -- if anything, with the tribal gaming, and how to have that fit.

In each case, there are differences. And we'll be glad to respond to some questions about that, too, in terms of certainty, risk, reward. But I can tell you, without a shadow of a doubt, the lowest risk with the greatest reward, available in New York, it's to support enhanced gaming at your existing facilities.

And, in January, NYGA, we will come to with you with a concurrent resolution, seeking to amend the New York State Constitution within the section that contains the current lottery exception, so that that dollar continues to be spent in the interest of the taxpayers of the state of New York.

We'll seek to expand that exception, to allow full commercial gaming at existing authorized sites.

Gaming will continue to be regulated by the lottery and the Racing and Wagering Board.

Revenues will continue to be dedicated to education, agriculture, and equine business in the support state operations.

The resolution, as it was said earlier, will

require passage in 2012. It will require passage again in 2013. And it will then go to the people.

Imagine that! We'll let the people speak.

It will go to the people in November of 2013.

And if approved, what I can promise you, sitting here today, is that, if approved, there will be nine shovel-ready projects, ready to go, that can be in the ground in January of 2014.

And I can assure you, that you can repatriate somewhere between 50 and 80 percent of that money that is now being exported from New York, back into your state, to support your citizens.

We look forward to working with you.

We know this can be done. And, we're excited to get on with it.

Thank you.

SENATOR BONACIC: Thank you very much for that presentation, gentlemen.

First of all, let me start by saying: We appreciate the contributions that you have made to the General Fund, and assistance to the taxpayer, to enable the State to do the things that they've done, as you've outlined in one of your exhibits.

Let me ask a few questions, if I may.

Is it your intent to submit to this

committee, in the near future, a jobs-impact report with what you think would happen in the state of New York with job creation, in the event that a constitutional amendment would go forward?

JAMES FEATHERSTONHAUGH: It is. We have commissioned the study to be done by a company known as "Union Gaming," which is owned and operated by some fellas, that started at the Deutsche Bank Gaming Desk in New York, grew up in New York, are now located out in Las~Vegas.

We expect that study to be completed, and available, by mid-October.

The day we have it, you will have it.

SENATOR BONACIC: Okay.

I was at an event, where a representative of Genting International made a remark. And I would just like you to confirm, publicly, if it's truthful. I assume it's truthful.

They said: When Aqueduct opens, with the new racino, with the expansion, and the creation of the racino, there's going to be created, 1,300 new jobs.

CHRISTIAN GOODE: Permanent jobs.

SENATOR BONACIC: And the job applications for those 1,300 jobs, were 20,000 applications.

Is that true?

CHRISTIAN GOODE: That was true at the time, and it's obviously changed since then.

As of this week, we have over 30,000 applications for 1,300 jobs.

SENATOR BONACIC: Okay.

CHRISTIAN GOODE: We expect, by the day we open, we'll have somewhere around 40,000 applications. That's, a little bit, about 1 in 30 people that apply, you know, roughly, will get a job.

We think that's indicative of what our area, and what New York overall, sees, is that people need jobs. They want to go to work.

People are there, they're ambitious. They -- you know, we field a lot of calls, which is impressive about how much follow-up they do. It's not that they're just dropping off applications, to do it. They want jobs.

They're interested in -- you know, they ask us every day: Is there training that I can go to? Is there something I can do to better my position? -- to get one of those 1,300 jobs.

And, although Jim talked specifically about a report that was commissioned by NYGA, we've done some of our own analysis.

If table games were legalized, and we proceed down that path, where we're a good partner with New York, we expect, in the next, you know, not two years, but maybe the next five years, that we could invest over a billion dollars in Aqueduct alone, with table games, with convention centers, which will allow us to bring dollars back to New York State. But, more importantly, it will allow us to import dollars. It will become a destination.

So, when people from Connecticut want to come down and see a show, they come out and see Aqueduct. You know, maybe they're in town for business, they stay over. And, that generates a significant economic boost.

We would expect that, if table games were legalized, our plans were to move forward, within five years, we could employ, fifteen, twenty thousand people directly, which spins off, and is, probably, another, fifteen or twenty thousand people indirectly.

And, not only our business, but the hotels around the airport, the taxicabs, the car service, the other food venues, the food-service suppliers.

I mean, giving very little effect -- a multiplier effect: Just Aqueduct alone, could be a

30,000 job-creation initiative, by legalizing table gaming, allowing us to compete, enhancing what we can offer. Not expanding it, but just enhancing it.

SENATOR BONACIC: I want to talk about Sheldon Silver's remarks in "The Post," of indicating that he doesn't think it's a good idea to have casinos in the Metropolitan area.

Could you -- that it would be a harder sell.

Do you have an opinion as to, your plan, and how you would reconcile it with the Speaker's remarks?

He indicated, he was speaking for him, and not his members.

But, that would affect, I would think, Aqueduct?

JAMES FEATHERSTONHAUGH: Yes. We have not yet had the opportunity to sit down with the Speaker, to show him our specific plan. And, I was not there to hear what question the reporter asked the Speaker.

It has been my experience, and I'm sure yours, over the years, whether you agreed with the Speaker or not, that he generally does not arrive at positions lightly or loosely. They are thoughtful and intelligent.

Our proposal is thoughtful and intelligent.

And what we would say to the Speaker, will say to the Speaker, and I'm hopeful will be persuasive in it, is: We understand that there are many people who have questions, social responsibility, in the location of gaming.

New York has crossed that bridge. You can't unring that bell. That decision has been made. New York has said there will be gaming at these nine locations.

And, so, we would respectfully say to the Speaker: Every month, after they go into business, Resorts World will be changing games on the floor of the racino under the current law. They'll be bringing in new games, moving out old games.

At the end of the day, all we're saying, is, if we can do that with all of the electronic games, why shouldn't we be able to do it, to move in new games, table games, and so on.

I understand, and respect, the Speaker's concern, about anything, that would turn New York City into Las~Vegas.

I don't believe there's anybody in this room that would want to do that.

We're not suggesting that. Ours is a modest,

incremental, intelligent proposal that I believe the Speaker will ultimately support.

SENATOR BONACIC: In any of your plans, do you conflict with the exclusivity position of the Senecas in that region?

JAMES FEATHERSTONHAUGH: Yes, we do; and here's what I would say to that issue.

I understand the Senecas were an enthusiastic presence at your hearing yesterday. And, I'm sorry I didn't have an opportunity to talk to them then.

What I would say is this:

First thing I would say, is: Pay your bills.

You made an agreement, turn over the money you owe to the State of New York.

And then I would say: Our proposal is going to help you, Senecas, we're going to give you an opportunity that you didn't.

You signed an agreement, that said, you would pay 25 percent. And you got it approved by -- in Washington, 25 percent -- it's 25 percent tax rate -- if you had exclusivity.

We now propose to take that exclusivity away from you. We haven't taken it away from you before, and you're still enjoying it, so, keep your word.

But, we are going to take it away.

And when we do, we're going to keep our word. We're not going to ask for that 25 percent anymore. That will cost the general fund of the State of New York, theoretically, $100 million a year.

I say "theoretically," because no one is making the payment. But, our proposal will more than make up for the $100 million a year that the state will lose if it takes away the exclusivity.

And I would urge us all to stand up and bite the bullet, and do it.

And then I would urge the Senecas to stop complaining.

If you have a casino that is operating at a zero tax rate -- "a zero tax rate" -- and you can't compete with us, you'd better get in another business.

I haven't heard Chief Halbritter saying that he can't compete with Vernon Downs. Their two facilities are competitive. They get along with one another, to the extent that they both exist, and they're both going on.

If the Senecas want to compete with Finger Lakes, they can compete. But, there's no reason to tie Finger Lakes' hands, and say,

You can't have table games.

That makes no sense.

SENATOR BONACIC: My last question: The saturation point; when is too many casinos counterproductive?

Do you have an opinion?

I know that, you know, your coalition represents the nine tracks. And you would like to see full-scale gaming at all nine tracks.

Do you think it's realistic?

Do you think it dilutes destination resorts in the state of New York?

JAMES FEATHERSTONHAUGH: No, not at all.

In the first place -- and I'm going to ask Christian to comment on this too, and maybe we'll get different comments -- but, people who are going to -- first of all, the gaming which is currently occurring at the currently existing racinos is primarily local gaming. And those folks want to enjoy an evening out, and some entertainment. They generally do it on a budget, and they generally do it, at least Upstate, within a 50-mile radius, so they can drive there, and then get home, so they can get up and take their kids to the soccer game in the morning.

So, it's localized.

We have -- if you look at that map, we currently provide, if we were to draw a 50-mile circles around that map, you would see that almost everybody in the state of New York has an opportunity to game.

And, if you could imagine that Akwesasne casino up there, then you would see that everyone does, for local gaming.

So, what we're talking about, at a place like Aqueduct, or Yonkers -- or maybe Tim wants to comment on this, too -- is, then, when you're talking about destinations, I mean, come on. There are half a dozen cities in the world that are real destinations. And New York leads the list: New York City.

So, if we -- if you give these gentlemen the right to compete as full-blown casinos, they will begin to repatriate some of those trips that are going -- you know, people go to Las~Vegas for four days.

Well, you can have a lot more fun in Manhattan, New York, in four days, at a world-class casino, than you can in Las~Vegas.

CHRISTIAN GOODE: I don't -- I think that we

agree.

I think, Chairman, the dilution's going to come in the dollars that go outside of New York State. The citizens here have demonstrated a desire to gamble, and to seek out destination resorts, as you termed it.

We at Resorts World believe that we can build one in Queens, that will be first-class, and will be the best destination resort possible, anywhere in the country; mostly likely, anywhere in the world.

And we believe that's what New Yorkers want. And -- but, we also believe that's what people from outside of New York want. Whether it be, U.S., Canada, Europe, we believe we can bring that business to New York.

New York is the world financial center.

We believe it's also an entertainment capital of the world, in terms of, Broadway shows, concerts, and entertainment.

In my opinion, and I think Tim would share this, we have unique ability.

We have people coming here anyway, in terms of, from business, for pleasure, for family; whatever the reason.

We want to give them an amenity that doesn't

currently exist, that we think they desire.

So, the dilution is going to be, dollars leaving the state.

The improvement's going to be, bringing dollars that go somewhere else, into New York State.

And we think that it's just healthy competition. And we think that -- you know, we don't think there will be oversaturation in the market. We think the nine facilities that exist are the right locations.

To Jim's point, it covers the state nicely. It's not, one at every corner. It's not a proliferation that, you know, would look gaudy, like downtown Vegas did years ago, although that's been rejuvenated to some degree.

We want sensible, we want well-thought-out, rational development.

And -- unless Tim has some comments.

TIMOTHY ROONEY: Well, I agree completely.

I would just -- we can't attract those tourists coming to New York now with the current products that we're offering.

So, I think, if we had full gaming, it would be easy to do so. And we would make the similar investments, and put up the hotels and the

entertainment venues that would, you know, entertain, and attract, those tourists coming into New York.

There's millions and millions of those tourists come in every year, and, you know, to get them to stay an extra day, to come to one of our facilities, would be relatively easy.

SENATOR BONACIC: Uhm --

CHRISTIAN GOODE: Just to add onto my question --

SENATOR BONACIC: Excuse me, Christian. Go ahead.

CHRISTIAN GOODE: -- I think the statistic for 2009-2010, was about 47 million people, annually, come as tourists to New York City, in the Metropolitan area.

It's the largest metropolitan area in the U.S. by far. Los Angeles is second.

What -- there's 47 million people that come. We think that can be better. And it's not just for us, as Yonkers -- Empire City Yorkers or Resorts World. It's about all the spin-off.

It's the other hotel areas. It's the taxes that come from people coming in through the Port Authority entries. JFK, Laguardia, Newark.

You know, those type of, the economic boosts would be significant. And it's very material. We think it makes a lot of sense, and would ask that you to consider that.

SENATOR BONACIC: What I understand about casino gaming, watching over the years, the state enhances itself when you get out-of-staters coming into New York.

I want to thank you for --

SENATOR GRIFFO: I had some questions.

SENATOR BONACIC: Yeah, no.

-- a very good presentation.

Senator Griffo is going to ask you some questions.

I would just tell you, that, I have a suggestion.

You've indicated that you're going to come forward with a concurrent resolution in January.

I know there are some concerns with saturation. And, I'm not suggesting who are winners and losers, but I know there's a concern there.

And, I just would encourage you to try to have conversations with the Speaker, Assemblyman Pretlow, and our Senate Committee, to see if we can get a consensus on locations, because

I see that, in my own mind, as the biggest challenge being drafting legislation, as we go forward.

And I can just share with you, and I have no definite plan, but there have been concerns expressed of the saturation issue.

And, that's all that I have to say on this point.

But, thank you.

Senator Griffo.

JAMES FEATHERSTONHAUGH: And, thank you.

SENATOR GRIFFO: Thank you.

I think, that, if we look at this, and we are, obviously, looking at this seriously, and you now have the Governor engaged in this discussion also, I think the model should be -- you talked about a thoughtful and intelligent approach.

I think the model should be: Do it right.

That should be the goal and the objective.

And the question is: How do we best do that?

Now, you made a great presentation today, but what type of research do you have, empirical data, specific things, beyond opinion, that can justify some of the things that you've said today?

For instance: When you talk about why people are leaving the state, and we look at some of these

marketing techniques, but that's just one component.

People go to Las~Vegas because of what Las~Vegas is. And people are still going to go to Las~Vegas for that reason.

So, the question here is, and where I disagree with you is: I think you are localizing gaming, and that's a problem. And that saturation becomes very challenging and problematic.

I disagree that, you know, people -- we want to encourage our local residents to go into areas, and be able to have access and availability to game; to have gaming opportunities there.

I think we want to look at this from a state, as: How do we raise revenue? How do we create jobs? And, how do we also not cause problems for people who may have problems?

And -- and I think that, that's why the model becomes so important.

And I'm curious, and trying to inquire.

And, you talk, Jim, about, whether or not we would actually read the testimony.

I don't know if you're aware of my legislation, because, when I talk about this to you, I have legislation, Senate Bill 5426, that mirrors, somewhat, what you're discussing right now, about an

expansion -- an enhancement, as opposed to an expansion, because, as I said earlier, we need to look at this industry, this challenge, comprehensively, with the racing industry, with gaming; and, how it can work, and where it should work.

So, the model, and the data and the studies that we conduct in order to ensure that we're doing it right, is important.

Do you have any such empirical research and data beyond what we've discussed here today?

JAMES FEATHERSTONHAUGH: We do.

As I indicated, we have a series of studies that have been done, some of them -- some of them are available to anyone. They're national studies that people have done in the gaming area.

Genting has done a series of local studies that we've had the benefit of.

We have commissioned, as I've told you, a study that we're going to share with you, that is going to review all of these issues, or at least the ones you've mentioned so far, in mid-October. That will be the first empirical concrete study that NYGA has done, because NYGA has only -- has only been formed, as I said, within two months ago.

But our members, including at Saratoga, and including Empire City at Yonkers, we have many studies. And, although some of them were done for proprietary and competitive reasons, and the owners of them may not want to share all of that competitive information, we certainly are prepared to share them with you, Senator, with the Committee.

The one we're having done specifically, we hired somebody who would -- and here's what they've done -- not -- they have been to visit -- this study is going to be, both, macro and micro.

We are companions in NYGA, but we're competitors too. Yonkers and Resorts World aren't all that far away from one another. And a lot of studies have been done on what the impact on Empire City will be when Resorts World opens.

But, the current study that's being done, the people that are doing it, have not only looked at the state of a whole -- as a whole, they have met with each of the facilities separately, under a confidentiality agreement, that, for example, they won't share Saratoga's information with Empire City, and they won't share his with me. They're a clearinghouse in doing.

So the study, when you get it, is intended to

show, as I said, the macro economic impact on the state as a whole, in terms of taxes, employment, cap X spend; everything.

It's then going to show, regionally, what will happen in Senator McDonald's area, that 50-mile area around there. What will happen, in your area, in the area around Vernon. What will happen in Tioga. What will happen in Finger Lakes.

I wish we had that now.

I have to tell you, although we're delighted that these hearings are ongoing -- and, shame on us. They caught me a little by surprise, or maybe we would have been able to move this study up -- but, we wanted to be thorough, and exacting. And we're going to get it to you as soon as we can.

SENATOR GRIFFO: I think that is going to be important to be shared with us, because, as I indicated earlier, if you're going to undertake this approach, if we are going to seriously consider while we examine the issue, and we're going to consider possible legislation -- and many of us have our own ideas, like myself -- but, I believe that it's important that we're starting from scratch, and it's an -- very important that we do it right.

So, that's why everything should be under

consideration, everything needs to be reviewed.

So, if you can present your case, and why this particular, model, or proposal, would be most effective, but, I don't think that we should disregard others.

And that would be the other question I would have for you right now, is: You talked about, we need to be more, I think, serious about understanding the exclusivity agreements, though, too, as we do this. We may have an opinion on that, but there are legal principles and grounds here that going to be involved too.

So, if we're going to approach a strategy as to how we move forward, you're not saying that we should just disregard that, are you?

JAMES FEATHERSTONHAUGH: No. The State of New York should pursue its rights under the current agreement, if that's what you're saying. That's correct.

The State of New York never agreed to provide -- at least my understanding. I've looked at the agreement. I don't know about you, Senator. -- never agreed with the Senecas that they would have exclusivity.

They agreed with the Senecas that they would,

either, (a) have exclusivity, in return for which they would pay at that 25 percent rate; or, if they didn't have it, they wouldn't have to pay.

And I would never suggest that the State should walk away from any of its agreements or obligations.

SENATOR GRIFFO: Would you be prepared to modify the proposal if, indeed, that became an issue, where it was recognized that there was an exclusivity issue?

JAMES FEATHERSTONHAUGH: I think our current opinion on the exclusivity issue, and I believe the economic study we give you will make the case, would be, that we -- our proposal will provide for the end of exclusivity in Western New York; and, so, the Senecas should not have to pay the 25 percent tax rate.

SENATOR GRIFFO: Now, do you believe that we can find, and achieve, a mutually beneficial and cooperative relationship between, say, the Native American existing facilities and any potential growth, and what you're proposing?

JAMES FEATHERSTONHAUGH: Sure.

SENATOR GRIFFO: And will your study look at this aspect of saturation too?

Because, as I said, I have a concern with the fact of localized gaming, because, in the end, we want to try to bring in people from outside of the state, as well as take advantage of major areas of the state.

We all know that --

JAMES FEATHERSTONHAUGH: May I ask why we wouldn't want to bring in people from outside of the state, Senator?

SENATOR GRIFFO: Why we wouldn't?

JAMES FEATHERSTONHAUGH: Yes.

SENATOR GRIFFO: Well, we do.

JAMES FEATHERSTONHAUGH: Pardon?

SENATOR GRIFFO: I said, we do want to bring people from outside the state.

JAMES FEATHERSTONHAUGH: Oh, (inaudible).

SENATOR GRIFFO: You misheard me.

JAMES FEATHERSTONHAUGH: No, we believe --

SENATOR GRIFFO: What I'm concerned with, Jim, is that, when you talked about localized gaming, that, I think is a problematic, that we're encouraging.

I want to generate out-of-state, out-of-country, gaming. People from Canada, people from other states, that are coming here as a point

of destination.

I was concerned with the comments made here, that we were going to have these local options; that it was an opportunity to go out for the night, like going to the movies. Because, I don't know, that's how you're going to generate income for the state, and it may be detrimental from a societal standpoint.

JAMES FEATHERSTONHAUGH: We did a poor job, then, in communicating what we want to do to you, so, let me start over.

That's -- that's not at all.

We believe, that if you will allow us to compete as full commercial casinos, we will be able to bring people from all over the world, let alone all over the country, here to New York.

And you know, what? We won't be able to bring them only to either Aqueduct or Empire City.

In July and August, one of the great destinations in the world for people who enjoy gaming or racing, is Saratoga, New York.

And, we'll bring them out to dinner with Senator McDonald and I -- Senator, how does that sound? -- because they'll able to spend the day at the races, and then they'll be able to go to a

first-class facility.

SENATOR GRIFFO: Under this expansion concept then, and what you're talking about, is making all of these various entities, major resort activities?

So, if you're in Broome County or in Oneida County, you're going to be wanting to come from another state, from Atlanta --

JAMES FEATHERSTONHAUGH: You will see in the --

SENATOR GRIFFO: -- to come up for that?

JAMES FEATHERSTONHAUGH: I'm sorry.

You will see in the study, the proposals that each of the operators have, and they're different, some are more modest, some are more grand. They are all doable.

The -- so, do I think that people are going to leave Monaco so that they can gamble with my friends at Delaware North at Finger Lakes? Probably not, unless they have friends or family in the area. But, I think they might well leave Monaco to gamble with my friends Tim or Christian.

SENATOR GRIFFO: And you do believe that they can be successful, also, at Finger Lakes, as a result of the model that you're proposing?

JAMES FEATHERSTONHAUGH: Yes. I'm sure of

it, and so are they.

SENATOR GRIFFO: I'll look forward to the study, and continued conversations.

Thank you.

JAMES FEATHERSTONHAUGH: Good.

SENATOR BONACIC: Senator McDonald.

SENATOR McDONALD: Thank you.

Thank you, Mr. Chairman, for planning these meetings across the state, the public hearing.

And, thank you to everybody who made the presentations. They were excellent.

Jim, this is an excellent presentation.

Probably more than most, I have a little bit more history with this operation.

I go back, with VLTs, before I was either a senator or Assembly representative. But, I was a member -- a senior member of the Saratoga County legislative body, the Board of Supervisors, and, remember the VLT dialogue at that time, and Senator Bruno was in my position, and looked at it from, both, a Saratoga Springs city observation, as well as the Saratoga county.

And, I remember that was, actually, the last vote I took on that, and a member of that board, for the VLTs.

And you have alluded to a few things that should be mentioned again because they're so significant.

The volume of money that you pump into the state of New York, as well, as the generation of taxes in Saratoga Springs and Saratoga County, is significant.

It goes, not just to the standard things that we think of, you know, restaurants, and such, but you talked about the agricultural business. Not just in Saratoga County, but for that whole geographic area up there, it's significant.

I don't think that I've ever seen anything change, one business so much, in such a short period of time, as the VLTs at the harness track.

And as a native of this area, we always refer to that area as "the harness track," even, now, it's the Saratoga Casino and Raceway.

The harness track has been revitalized. The horse community up there has been revitalized.

But what is especially relevant to people like me, in addition to these other items, is the relationship that has developed, the successful relationship, with the thoroughbred track.

If anybody's read recently, the most recent

statistics that came out of this year's meet, they are fantastic numbers, considering the economics of our country, in this part of the United States.

It has been a place that has attracted people from all over the United States, as well as, Canada, and other countries.

And, I don't know the statistics. It's interesting to note, when you're coming out with your survey, the community, and Saratoga, will be coming out with a long-term impact statement of the tracks in our geographic area. And it goes way beyond Saratoga County. It's the whole Capital region that we're part of.

That is so important.

And that brings up a rule that I have, when we start talking about changing things.

The first rule is: Don't hurt what's already successful.

Okay?

And I say that again: Don't hurt, in all of this rush to change, what's already successful.

We have, probably, the most popular and successful racetrack in the United States, in the Saratoga thoroughbred track.

The VLT operation out there, I don't know the

most recent statistics compared to the other ones, but, certainly, Saratoga Racing -- or, Casino and Raceway is one of the leaders.

You have a point, and I think it's page 2, of a geographically balanced, and a fair, okay, distribution of these things.

That's critical. We don't want to hurt one community, okay, you know, to help another. We want to help both communities, or all of the communities that we can. And that leads to an overall plan.

We have to turn around and do this, so we maximize the money, and we keep the quality of our communities where they are.

And, you know, speaking on that quality issue, if anybody wants to see the quality of a community, and how two racetracks and a racino have helped, just, you know, spend the weekend, this coming weekend, up in Saratoga Springs. It doesn't get any better in this part of the country.

And I say that with great pride. And a lot of people up there work very hard to make it that way. And it gets better all the time.

And it's not just the city of Saratoga Springs. It's geographic area. It's such an important component in the economics of the

Capital region.

And, that's what we like -- that's what I would like to see as a role model duplicated throughout the state: Respect for the community, respect for the institutions of the community, understanding that we're not looking to become Atlantic City with the crime, and other aspects.

We are not New York City, but we are geographically located, that we're a focal point between Canada and different places.

And, at the same time, we want to make sure that the other parts of our state are addressed; that their issues, their needs, and their wants in the area of gaming, because we're all part of an extend family in New York State.

So, I want to thank you for your presentation.

This is not going to be an easy thing. There's going to be a lot of cooperation between the Assembly and the Governor's Office, and some of the things that you brought out.

And I would share my concerns with the Chairman about saturation, okay, when I go back to Rule Number 1: Don't hurt what's already working.

And it's working very, very good, especially

for certain communities, and I happen to be in that community.

Thank you.

JAMES FEATHERSTONHAUGH: Thank you, Senator.

SENATOR GRIFFO: Don't leave us yet. Just a couple other points that I would like to make.

JAMES FEATHERSTONHAUGH: Sure.

SENATOR BONACIC: You know, we're all concerned with the deteriorating fan participation at racetracks.

Do you think it goes without saying, that, if commercial gaming were to proceed, and the people would approve it, it would certainly help the racing industry, bringing more people into the tracks, and, perhaps, enhancing the sport of racing?

JAMES FEATHERSTONHAUGH: It depends on what you mean by "commercial gaming," and how you approve it.

If you were to approve the proposal I have laid out for you, it would be very creative, supportive of, and helpful to thoroughbred and harness racing.

If full-blown commercial gaming were just opened up across the state, which I don't believe the people would ever support, but, if it was, it

would be the death of the racing industry.

SENATOR GRIFFO: I was referring to your plan, yeah.

JAMES FEATHERSTONHAUGH: Yes.

SENATOR BONACIC: When I asked to see what you could get a consensus on the issue of saturation, I didn't mean to neglect the Governor's Office, because that's the 800-pound elephant in the room, you realize that.

The other thing, as part of your report that you're going to give us, and it may be too late, but, I'm interested in the tax structure of private casinos in other states, as, compared to what they pay the state, compared to what the Native Americans pay in the state of New York.

Just -- if it's at all possible, be nice to see that.

If it's, you know, the horse is out of the barn, and you can't do that -- and I'm not asking, to do a thesis -- if you picked, like, say, the states that -- that have quite a few casinos, and tell me the tax structure of what they pay.

JAMES FEATHERSTONHAUGH: Well, it's different everywhere.

SENATOR GRIFFO: No, no, I understand that,

but that's why I'm asking.

We're trying to get a sense of what the tax structure should be.

If you can do it, think about it. Okay?

JAMES FEATHERSTONHAUGH: Yeah, we have thought about it.

I can tell you, for sure, and -- there's a huge -- I'm sure you're already aware of it, the tax structure for table games simply has to be different than the tax structure for machines.

SENATOR BONACIC: No, I --

JAMES FEATHERSTONHAUGH: Table games are much more labor-intensive. I don't think that there's -- you know, if you looked around the country, 15 percent is probably near the top end of the range on table games, than the lowest, isn't it?

CHRISTIAN GOODE: Yeah, I would say, that's probably accurate.

I mean, just to expand a little bit more, and not go into a thesis here, it is a wide spectrum (inaudible) tax. Illinois's is north of New York's tax rate, and Las Vegas, or Nevada's, is, sub, 8 percent.

So, we can give you some data on support with that.

Obviously, there's a balance between the two. As tax rate goes up, employment goes. If you don't do anything to change that, you know, it's -- you know, you won't get the biggest impact that you may or may not be looking for. So --

SENATOR GRIFFO: This is a current, bold question: The Mount Airy casino, I understand, in Pennsylvania, is doing the worst.

Have any of you taken a look at it? Do you know why?

Have you --

JAMES FEATHERSTONHAUGH: I don't think we know why.

You want to hazard a guess, Christian?

CHRISTIAN GOODE: I'm actually going to -- I would not hazard a guess.

I would defer to others, and 8 percent, and they may have an idea.

JAMES FEATHERSTONHAUGH: You know, sometimes -- and I'm not suggesting this is the case there, because I haven't been there in a long time -- but, sometimes it's just the operator.

The fact of the matter is, that you can, it's not -- it's, certainly, no longer as, if you build it, they will come.

You have to build it right, you have to run it right, and you have to make it attractive.

So, I don't know what their problem is.

SENATOR BONACIC: The reason I asked you the question is, you know, not to distract from the purpose of our public hearing, but, we're having a report on hydrofracking today, issued by the DEC Commissioner.

JAMES FEATHERSTONHAUGH: Right.

SENATOR BONACIC: And we had hoped that he had looked at Pennsylvania, and all of the other states in this country, to see what their mistakes were as they -- as he goes forward.

And that's the only reason I brought up Mount Airy, because you have a plan. And maybe people may learn from other people's mistakes in other states.

That was the reason I suggested it.

JAMES FEATHERSTONHAUGH: Well, we have looked at Pennsylvania, and virtually every other state, that has gaming, and there are pluses and minuses.

And we did that -- I didn't just say, in a vacuum, when I stood here today, that the New York model "should become." Other states should look to us, not vice versa.

We did look at things they've done right, and things they've done wrong.

In Pennsylvania, for example, when they put in table games, one of the things that happened was, the drop on their slot machines went up by 7.5 percent -- 7 percent, I guess.

Were that same thing to be replicated here in New York, if we went forward with the plan I laid out, that alone would deliver another $100 million a year to the children and teachers, and our --

SENATOR McDONALD: John, can I have one quick comment?

SENATOR BONACIC: Thank you.

SENATOR McDONALD: Yes.

SENATOR BONACIC: Senator McDonald.

SENATOR McDONALD: Thank you, John.

It has been talked about, where the money is disbursed for some of these things, the existing casinos and raceways.

I want to stress, that, as somebody who lives in an area who is a host to this, the VLT money that goes back to these local communities is very important.

People will come to my community because there's good emergency services, police protection,

and the appropriate amount of public works on the roads and sewers, and all of the things that goes into making a community a very viable tourist attraction, a safe place, and a place to bring your family.

That costs money.

So, we don't want to overlook these small communities that host, and, certainly, even New York City, if they were to become a bigger host.

And, I say that, because, every budget year, that ends up being a battle that we have to fight, and that's not fair to the local communities. They are expending money. They give money back.

And some expend the money, whether they get the money back or not, because they're attempting to drive the revenue.

And we want to help those communities.

And then you got some communities, like Saratoga, that are driving a lot of revenue. Okay?

And for them to continue, and increase that number, they need that expenses, that participation of partnership.

SENATOR BONACIC: Senator Griffo?

SENATOR GRIFFO: One quick last, question, and thought.

As you know, many of the racetracks were struggling, and they came back. We had to make modifications, and the formula relative to the VLT, in order for the track to continue to be successful.

Is -- do you envision, as a result of proposal that you're making, and the model that you've described, that there would not be any request to the State for any modifications or assistance in order to facilitate the development and growth of the industry in the projects that you envisioned?

JAMES FEATHERSTONHAUGH: We are not going ask the State of New York -- if you go forward with this proposal, we're not going to ask you for a penny.

We will have nine shovel-ready projects ready to go. The risk will be ours. The reward will be shared with our partners, the State, which is you.

And, by the way, you're the senior partner -- if you take a look over there -- so, we're always very respectful of you.

And, we have nothing as part of this plan.

I think, for eternity, at least in the 40 years or so I have been up here, every year, someone will come to you, and say: You know, if you give me a billion dollars, I'll build something for

you, and employ some people.

But that is not any part of what we're proposing to you.

SENATOR GRIFFO: Thank you.

SENATOR BONACIC: Thank you very much, gentlemen.

Okay, we'll give you a moment to grab your exhibits before we call the next speakers, unless you want to leave them there and pick them up later.

It's up to you.

Our next set of speakers is: Jonathan Rouis, who's chairman of the Sullivan County Legislature; Allan Scott, who's president of the Sullivan County Partnership; and, Roberta Byron-Lockwood, president and chief executive officer of the Sullivan County Visitors Association.

So, I take it, this is a Sullivan County presentation.

ROBERTA BYRON-LOCKWOOD: They're going to speak. I'm the backup plan here.

JONATHAN ROUIS: She's in case you have any questions.

SENATOR BONACIC: Okay, who's going to lead, Jonathan?

JONATHAN ROUIS: I'll start, if I could.

Mr. Chairman, and members of the Committee, my name is Jonathan Rouis, and I'm chairman of the Sullivan County Legislature.

And, I want to thank you for this opportunity to provide testimony on the importance of gaming to Sullivan County, and to New York State.

In the interest and respect for your time, you have the full written testimony in front of you.

I think, if it's okay, we'd like to make a brief opening statement. And, I would ask my colleagues at the table to speak, also, on some of the issues they would have.

But, today, I join you today to voice my opinion on the debate -- not on the debate for Native American or state-run gaming, but to ask you to investigate a multi-lay layered approach that can expedite a casino here in Sullivan County.

I can't overemphasize the importance of gaming to Sullivan County, and the ability to move forward and be allowed to host the casino gaming, and create the economic stimulus as soon as possible for our county, and for the state of New York.

With several projects on the horizons that contain both Native American and legalized gaming in their proposals, Sullivan County is poised to break

ground with state and federal approvals.

Casino gaming should follow the legislation enacted after 9/11 to develop the two areas of the state that needed economic stimulus.

The Niagara region has developed casinos, but the Catskill region still waiting for the stimulus.

Sullivan County Catskills has a great deal of interest in hosting casino gaming, and our location is conducive to realizing the greatest economic impact for New York State.

We think too many casinos scattered throughout state can have a detrimental impact on -- not only on each other, but on the economy on which they're located.

Two or three casinos clustered in an area could lead to good competition and create a solid travel destination.

Sullivan County's location boasts over 40 million people without within a two-hour drive. A casino in Sullivan County Catskills will not only draw New Yorkers that are going to neighboring states, but a large portion of New Yorkers that are going out of state.

Casinos, as a destination, are effective in attracting tourists and generating new money to the

area. They generate taxes, and employment, and contribute to other direct and indirect community-related tourism businesses.

The Sullivan County Catskills can once again be recognized as year-round travel and vacation destination.

It's important to realize that the New York City market area is the single largest generator of casino visits in America, originating over 14.8 million casino trips annually. Of these trips, all are to out-of-state gaming venues.

74 percent go to New Jersey, and another 13 percent go to the Connecticut casinos. This represents spending that's exported out of our state.

(Pauses.) I'm going to skip down a little bit.

We need to create jobs and rebuild our economy. Our area has been in economic withdrawal for decades, with the hotels in our area closing, and unemployment in Sullivan County has steadily increased over the past decade, and poverty in Sullivan County has increased, from 13.9 percent to 15.8 percent, in 2010.

Our area was once a proud resource for

New York State. Many New York City residents visited our area, stayed in our hotels, dined in our restaurants, and enjoyed our recreational resources.

For the last several years, our economy has been significantly challenged.

With the opportunities for Sullivan County to host several casino projects, thousands of jobs in constructions, operation of these casinos, and ancillary businesses can generate a much-needed economic boost, not only to the Sullivan County Catskills, but the entire Hudson Valley region.

(Pauses.) I'm just going to skip down.

And, you know, again, in the interest of time, I just wanted to -- we have four projects that we currently have on the table in Sullivan County that we believe are shovel-ready.

Two contain Native American proposals: one with the Stockbridge-Munsee, and the other with the Seneca Nation.

The County has signed impact mitigation agreements with both of these tribes, and they have been tremendous partners up till this point, living up to each and everything that we've asked, and that they've asked us to do.

We also have an excellent relationship with

the commercial casino gaming industry that's allowed in the state at there point.

Empire Resorts facility in the county has been a great partner for the county. It's done -- been a good employer for the people in the area.

So, we think that the multi-layered approach, with taking this down two avenues, is the best for our county, and it's the best for the state.

Allan.

ALLAN SCOTT: Thank you.

Thank you, Senators, for inviting us to testify today.

My name is Allan Scott, and I am the president of the Sullivan County Partnership for Economic Development.

First, I would like to thank Senator Bonacic for all the great work he does on behalf of, not only Sullivan County, but New York State.

Over the years, our organization, the Sullivan County Partnership for Economic Development, seeks to market Sullivan County, attract, and develop new businesses, as well as help in business retention in the county.

We have hundreds of members who are business owners. Over the last several decades, our county

has suffered tremendous economic upheaval. Tourism used to be a major industry in our county.

Over the last several decades, the economy has suffered, and with that, the tourism industry has significantly declined. Many businesses that supported the tourism industry have also suffered, and the economic downward spiral continues to erode our tax base.

We have seen our middle-class dwindle away. It is vital for our community to have a strong middle-class.

There is a very simple solution, as we all know, and that is, job creation.

I am going to talk about, and advocate, that the State continue to support a multi-faceted approach to gaming.

Our state has watched as large hotel gaming projects have developed in Connecticut, New Jersey, and Pennsylvania. It is our time for our state to act.

We recognize that the state has made some progress with the VLTs and racetracks, but the larger focus should be on developing tourism destinations that attract out-of-state dollars.

For this, we need casinos. After all, the

gaming casino element is an amenity to resorts. It is like an attraction for patrons, like golf courses, spas, nightclubs, et cetera. It provides patrons with something to do in the hotels.

With gaming, we can spur resort development which will enable our county and state to compete with surrounding states. It is clear that our New York dollars are exiting the state to other venues.

We need to stop this exodus. We need to develop -- redevelop the Catskills as a world-class destination.

We have very few hotel rooms left in our county. Without question, gaming will help revitalize our tourism industry.

The multi-layered, multi-faceted approach that I spoke about, is to continue to push for Indian gaming in Washington.

We have recent evidence that these projects can be done.

Additionally, if the State is going to move towards legalization, that is also good, but we see this as a moderate to long-term opportunity which we strongly support.

But we also desperately need to develop

projects now, as tax revenue is needed now.

This approach can satisfy many interests, and best serve the people of the state of New York.

The Stockbridge-Munsee project, which I will detail below, has done everything the federal and state and local governments have asked for.

In a recent decision, the Department of Interior, last Friday, approved two off-reservation gaming projects. This is a significant sign that the current Obama Administration is willing to move forward on these projects.

Friday's decision restores our hope that the work Senator Bonacic and U.S. Senator Schumer and our local officials have pursued will finally come to fruition.

Now, the naysayers may point to the fact the Department has also -- did not approve two projects last week, and specifically cited that one of the tribes had not demonstrated to the Department that it could effectively exercise jurisdiction over a parcel nearly 300 miles from its existing reservation.

We understand that the Stockbridge reservation is over 1,000 miles from the proposed gaming site.

However, what is clear fact, is that the Stockbridge have diligently and systematically worked with our local governments for over ten years, in such a way as to clearly demonstrate that they can exercise jurisdiction over the parcel that is proposed to be taken into trust.

They have successfully worked on local service agreements with Sullivan County and the Town of Thompson.

They have entered into local infrastructure agreements with the Town of Thompson and the Village of Monticello.

They have conducted numerous public meetings in the county and town. They have participated in numerous local meetings.

They have clearly demonstrated to the County, the Town of Thompson, and the local community that they would be good neighbors, and active in the fabric of our community, while maintaining the sovereign status; a status, where the local government recognizes and fully supports.

This message must go to the Department of Interior as they consider the Stockbridge project for approval.

The Stockbridge-Munsee casino project is a

much needed economic engine that can help Sullivan County begin to reestablish and redefine its tourism industry.

Tourism is one of the original green industries. Our county possesses a great wealth of natural resources for outside visitors and locals to enjoy.

We have always sought to balance and protect our county's resources, and the Stockbridge project will not deviate from that great tradition.

I would again emphasize to you, one our most precious resources is our people. We have to give them good jobs, a decent wage, and not tax them into extinction.

Let us look at the economics of this project.

The benefits to the local and state economy are unquestionably positive. The Stockbridge project represents a $680 million investment in Sullivan County and the New York State's economy. It would be built in two phases.

The first phase would generate approximately 2,400 construction jobs, and with a construction cost of $350 million. Total construction payroll would $132 million.

The multiplier effect of this $350 million

investment would result in an additional $321 million of related economic activity, and would support another 1,800 jobs in the New York State economy, with an additional payroll of almost $90 million.

Following Phase One, when the casino goes into operation, it would be expected to create about 3,000 new full-time jobs in Sullivan County. These jobs represent a total payroll of approximately $106.5 million.

Additionally, these jobs represent a total payroll of approximately $106.5 million.

Additionally, the ripple effect would create almost another 1,000 jobs in regional economy, with wages and salaries of approximately $50 million.

These numbers speak for themselves.

With Phase 1 alone, this project must be done by the state.

How could we not embrace this type of economic development?

When Phase 2 is built out for each of the 7 years of construction, it would generate almost 700 jobs per year, of construction, with a total payroll of $257 million.

On top of that, the project would generate an

additional 500 construction-related jobs for each year of Phase-2 construction, generating another $173 million in wages over the 7-year period.

When fully built out, the casino would become the Catskills' largest employer, creating an estimated 4,900 new full-time jobs in Sullivan County.

It is expected that 80 percent of the employees are expected to come from the immediate Sullivan, Orange, Ulster, Delaware, County areas.

The casino payroll would be approximately $171 million per year.

The multiplier, or ripple effect, of these jobs in the New York State economy would support another 1,820 jobs, and a payroll of $111 million.

It is expected that half of these new non-casino jobs would be located in Sullivan County, and the rest of the region.

In total, Sullivan County would benefit from over 5,800 new jobs; and the state, as a whole, would gain over 6,700 new jobs.

The total payroll for the on-site and off-site non-casino jobs resulting from the project is $282 million.

The casino at full operation is expected to

generate total economic output of $926 million in New York State.

I ask, again, how this project does not get done, in the economic environment that we are currently living in New York State.

We have a $10 billion budget gap in the state.

And I'm sure you gentlemen are all familiar with it. I'm not telling you anything you don't know already, many, many times.

Here is a way that the Hudson Valley and Sullivan County can help to close that gap.

Also, the completed proposed project would continue to provide direct payments to Sullivan County, in the amount of $15 million annually, to address impacts to local services.

I would note for the record, that these numbers are derived from the tribe's draft environmental impact statement.

Again, our approach in Sullivan County, is not to just advocate for the Stockbridge. Both, the Concord Hotel project, and, the Monticello Raceway, Entertainment Property Trust, projects, are moving forward quickly.

Numerous meetings have been had, and plans

are underway and submitted weekly.

Today we chose to speak of the Stockbridge-Munsee project.

The Monticello and racino Concord projects demonstrate the same economic vitality and quality.

We fully, and we equally, support all three projects, and Sullivan County has been approved for three locations.

I am happy to point out that many members of this Committee, including the Chairman, have supported casino gaming in the Catskills for many years.

Senator Bonacic, we appreciate your support in 2001, when you voted to authorize three Indian casinos in the Catskills. And, also, in 2005, when you voted to authorize the Mohawk casino at Kutsher's Hotel.

These votes by you, and other members of your Committee, show the kind of commitment that is needed to rebuild the economy of our county, region, and state.

We hope that you would continue to support the efforts to bring gaming to Sullivan County and rebuild our tourist industry. Rebuilding our tourism industry rebuilds our middle-class. This

will, of course, have a positive economic effect to other businesses, including the raceway industry.

Regarding the issues raised concerning environmental protection, the tribe has completed a full environmental impact statement, under NEPA. Every issue was addressed through this lengthy process.

One of the issues raised is the protection of the New York City watershed.

I testified before the New York City Council recently on this issue.

First, and most importantly, the New York City Department of Environmental Protection testified, there would be absolutely no impact on the watershed.

I would like to remind this Committee, that, when there were hundreds of hotels in Sullivan County, and millions of people traveled to our county in the '50s and '60s, there was not an issue raised about the tourist industry damaging the watershed.

Given the fact that all these hotels have now vanished, it is perfectly reasonable to conclude, that, by redeveloping the tourism industry to its previous level, we would not see any negative effect

on the watershed, or the towns that surround that resource.

There used to be hundreds of hotels. Also, when we had a very vibrant tourism industry, the Monticello Raceway would attract fifteen to twenty thousand on some nights.

In conclusion: We need jobs, and we need jobs.

The Stockbridge project is an opportunity, not only to create thousands of jobs, but to reenergize a once vital industry, tourism, in an economically impoverished area.

Sullivan County was once a renowned tourist destination.

The Stockbridge project would be a world-class facility that, with others, would -- world-class facilities, like Bethel Woods, help our green tourism industry to thrive again.

The project has looked at the environmental issues. A full EIS has been drafted.

Once again, I would like to point out, that we support, equally, and fairly, all three projects -- Entertainment Properties Trust, Empire Resorts, Monticello Raceway -- the Stockbridge-Munsee project, and the Concord Hotel

project.

We have talked today about the issue of saturation.

We have talked today about the support in the local communities.

We have talked today about the importance of attracting out-of-state dollars.

And Senator Griffo was talking about that, repeatedly.

What we advocate, through these three casinos, is just that. It would be a cluster advocation of casinos.

We do not suffer from saturation. We have the infrastructure in place, and we have planned infrastructure, to accommodate all three projects in Sullivan County.

Thank you very much for your time.

SENATOR BONACIC: Any questions of the gentlemen?

Just let me say: Thank you very much for your testimony, and coming here today.

Sullivan County is fortunate to have three competent leaders who are trying to bring economic vitality in tough national economic times.

One thing I think is worth mentioning, I

happen to think Sullivan County is one of the prime counties in the state of New York to have a very successful casino gaming operation, but, there has to be a resort destination with it.

Sullivan County is fortunate to have the beauty and the resources of four seasons, where people can enjoy themselves --

ALLAN SCOTT: Correct.

SENATOR BONACIC: -- and never walk into a casino.

And, the Catskill name, the Concord, the Grossinger's -- the branding name -- is still very positive.

ALLAN SCOTT: Still very much alive. Still --

SENATOR BONACIC: People talk of the Catskills with a smile, and great memories, whether the people from the city, whether, it's a father, or grandfather, they have a positive image of Sullivan County and the Catskills.

And if we can rebuild Sullivan County -- and Bethel Woods is wonderful. Elton John was there this past weekend; over 17,000 people.

And if we can complement that, with a resort and place to stay, and keep people in

Sullivan County, that's the goal; that's what we will continue to work hard for.

I thank you for your efforts.

ALLAN SCOTT: Thank you, Senator.

And, thank you for coming.

Our next speaker is: Joseph D'Amato, who is the chief executive officer of Empire Resorts; along with, Charlie Degliomini, who's the vice president of Governor Relations; and Tom Lies, who's president of Entertaining Property Trust.

Now, before you gentlemen speak, I saw 11 pages here. So, if you want to make a favorable impression on this Committee, please don't read the 11 pages.

JOSEPH D'AMATO: I think we heard you plain and clearly at the start of the meeting.

CHARLES DEGLIOMINI: Yeah, we're going to try and summarize, and breeze through this, Mr. Chairman.

My name is Charlie Degliomini. I'm the executive vice president of Empire Resorts.

Seated with me is my CEO, Joe D'Amato.

And, Tim Lies, is the project manager for Entertainment Properties.

Tim, a little later on, will address how the

proposed constitutional amendment is going to impact non-gaming investment.

And, then, we'll have Joe also speak about the specific issues, you know, relating to the benefits of casino development in New York State.

I'm just going to, initially, somewhat disagree with the last panel. Joe will probably get it into a little bit more.

We are convinced, as the existing gaming operator in Sullivan County, multiple casinos, especially off-reservation casinos, in Sullivan County, do not make sense.

A cluster model, as the Oneida panel testified, is problematic. You know, in New York State, it would be specifically problematic in Sullivan County, where we have a very challenging rural market.

And as the chairman indicated, we need to create a destination model, which Tim is going to get into is a little bit.

Just briefly: Our current facility has contributed about $192 million to New York State education, and $62 million in payroll, and over $32 million to our purses to our harness horsemen.

Just another brief comment about our

horsemen: We consider them to be our partners. All of our discussions about a constitutional amendment are inclusive of the horsemen. We see them as someone who are going to be sitting with us, side by side, as we move forward in discussing with you, and others in state government, the constitutional amendment.

You know, our operations have been challenging.

The 2011 New York State budget removed 1 percentage point from our vendor rate. We also lost, with our partners, the horsemen, $7 million in payments from New York City OTB.

This year, though, we're looking forward, and not looking toward the past.

Entertainment Properties and Empire Resorts have announced term sheet for the joint development of 1,500 acres at the Concord Resort property.

Our estimated investment would be, from Empire Resorts' perspective, $250 million, including the construction of a new racetrack, casino, and hotel, and related amenities.

Ultimately, the total property investment would be $600 million.

If table games in the industry-standard slot

machines were approved by the citizen of New York State, that investment would gross significantly, and provide much more employment to the Sullivan County community.

Throughout New York State, commercial casinos would create jobs in both construction and permanent full-time positions, which the NYGA panel covered extensively, and I'm not going to cover that here again.

As in discussions with -- about constitutional gaming, the issues related to Native American casino must be addressed.

Our company, Empire Resorts, is acutely aware of the arguments for and against off-reservation gaming, as Empire has its own very visceral history with Native American gaming.

I think the Senator, the Chairman, knows me for almost ten years, and knows me as someone who has been involved in Native American gaming, as Empire has looked at from its own perspective.

And I think one of the things we found out, about a year ago, with our new board of directors, and our new management team, we did a deep dive into the issue, and we looked at the feasibility of off-reservation gaming, just as a business

opportunity for our company.

And when we completed our review, we ceased pursuing off-reservation gaming for two very important reasons.

First: Tribes have come to stop payments to New York State. I think it's the elephant in the room.

There's, currently, over $300 million worth of payments that the tribes owe New York State, that are not being paid.

As a publicly traded company, it would be difficult for us, and impossible for us, as managers, and executives, who don't enjoy sovereign immunity, to be aligned with any entity that would have the temerity to stop hundreds of millions of dollars of payment in New York State.

And just from a business perspective, we would only end up, these days, with a five-year, possibly a seven-year, management contract, versus owning our own facility, forever, in perpetuity.

So, from a business perspective, we believe that off-reservation gaming always dies a certain death.

And I think the Senator was recently in Washington, looking at it, and finding out for

himself, what -- you know, what the current BIA perspective is.

And I think that we can come -- our company, at least, has come to the conclusion, that the definition of "insanity," is continuing to do the same thing over and over again, and expect a different result.

So, for that reason, we think, tribes who want to go out and reservation-shop, and come to the Catskills and get involved, just because we think, or we read a headline, that it might be possible, we have a ten-year record that tells us, you know, much differently.

You know, our industry, and our harness horsemen and our breeders, must be -- our interests must be protected through the constitutional amendment. And we think that NYGA has laid out a very good plan to do that.

As we look at commercial casino gaming, there are other important aspects that we must address.

First: The state should divide the revenue received from gaming.

And we understand this is the purview of the Committee, and not our purview; but, given a fair tax rate -- and other members of the government, but

given a fair tax rate, the tools to compete with surrounding states, we will more than have the ability to be the economic engine in Sullivan County, that the prior panel was discussing, that's -- that's needed.

And at this point, I'm going to turn it over to Joe for comment.

JOSEPH D'AMATO: Thank you, Charlie.

Again, appreciate, Mr. Chairman, and members, the opportunity to say a few remarks in front of you.

With my gray hair, I come with 30 years of gaming experience. And, about 41 years of management, finance, operations, marketing, in a -- primarily in the hospitality business. And, 30 -- as I said, almost 30 years in gaming.

Four of those years -- 4 1/2 of those years, I was COO and CFO of a tribal gaming tribe, and a tribal gaming operator, in New York. So, I understand, fully, the benefits of exclusivity.

Number one: It does restrict competition from coming in, commercial competition, because, as I think the Senators were talking, you got to make a choice.

The zone of exclusivity provides a certain

exclusivity fee, based on having an exclusive zone to operate. No competition.

If you bring in commercial casinos, I believe, under that compact, that you can no longer collect the fee.

It's not being collected anyway right now, because of the dispute, but, I believe, under the compact, and knowing that compact, you have a choice.

And I agree with Jim, Mr. Featherstonhaugh, that we would more than make up for any lack of -- for loss from that.

Second of all: It provides an operator a distinct advantage of reinvesting in their property and in their players, which is critical in the gaming business.

Previously, we had talked about remarks, or had said, that, well, let Monticello Casino Raceway compete, similar to tribe -- similar to the casinos in Atlantic City and Nevada.

Well, in Atlantic City and Nevada, the tax rates are the same. State doesn't pick winners and losers.

If I have an effective tax rate, as it's, currently, somewhere around 60 percent, and a

Native American tribe has an effective tax rate, blended with table games, of 16 to 18, it's very hard for me to compete, and reinvest in the facilities.

My belief is, that, if there is a further expansion of Native American gamings in New York State, the -- all of the VLT operators will suffer. And, as a result of that, I think the impact on the racing industry, as well as the Education Fund, will be adversely impacted.

I have said -- as I indicated, I spent most of my time on the East Coast, in gaming.

I can tell you, the East Coast gaming model is not what it was to 30 years ago when I got in.

When I got started, it was: Atlantic City on the East Coast. And, principally, Las Vegas and Nevada gaming.

That was it.

You take a look at the East Coast market today, you can start: Maine has it. Rhode Island has it. Massachusetts is very close. Connecticut, Delaware, New Jersey, Pennsylvania, New York, Maryland, Ohio.

You're surrounded.

And to Senator Griffo's issue, the

convenience gaming market is what's dramatically changed.

Gaming customers have a choice today. They stay close to their home, and that's what they do.

They make a selection.

Will they go to Las~Vegas? Yes, but it's not as much.

We used to live in Atlantic City on the convenience gaming market. And the convenience gamer was, anyone with 2 1/2 hour drive to us. They would spend 6 to 8 hours, and we would live on that.

That market's not there anymore.

So, the second part to that, building resorts, as the Senator's indicated, to bring, not only key customers, get New York dollars here, but, also, import dollars, so that we can compete with casinos in Pennsylvania and New York and New Jersey. And, by offering the full amenities, as, Senator, you had indicated.

We're in full support of the constitutional amendment that NYGA had presented, before you.

I don't think it's worthwhile for me to rehash things that they said.

I think the one thing, though, we are already existing in the communities. All the VLT and racino

operators are existing in the communities already.

The expansion with table games and Class III gaming would not be a stretch for these communities. We're already accepted, we already employ people, and we're already invested there.

We also believe that benefit would be, that the economic development would be spread across the state, so that one region would not benefit against another region.

Finally, in the area of -- Tim will speak more about EPR -- but, when we're talking about what we want to do in Sullivan County, we're talking about 1,500 acres of development. We're not talking, solely, about a casino resort.

It will be a major development in Sullivan County. The initial investments, we think, will succeed between the parties -- that, Tim will talk, possibly -- the development, and the other areas, besides the gaming, will be significantly in excess of 600 million.

Charlie has talked about, that, some jobs; we would probably, in the initial phase -- and we're committed to the initial phase, whether the constitutional amendment passes or not -- we're talking, probably, 1,200-plus construction jobs, and

700-plus full-time jobs.

And I think, with other development in the area, we will exceed the $600 million, and 1,000 jobs.

If the constitutional amendment is passed, we will expand, what we consider to be the development.

And what we're talking about here, as Charlie touched on it, is a full resort.

It would have: Spa. All the amenity; hotel rooms, restaurants. Golf course operations, including the Monster and the International.

Finally, I'll close with, the benefits to the Sullivan County.

I think these are obvious to the Senators.

They include:

Higher real estate taxes;

Occupancy taxes from hotel rooms;

Full-time permanent jobs, with benefits;

I think a revitalization of the housing development, in Sullivan County, and the other counties that surround it;

The local retail-marked stores will benefit, and, we believe are also a catalyst for further economic development beyond what we're planning on doing.

And, finally, we also believe there would be a reduction in government-subsidized payments to individuals as more people come off of welfare and unemployment rolls.

Just, we'll simply state: We believe in the -- and support, the constitutional amendment to provide for Class III gaming in New York State within the racinos that exist currently.

And with that, I'll turn it over to Tim, for some comments.

TIMOTHY LIES: Thank you, Joe.

And thanks, Mr. Chairman, members of the Committee, for having me here.

My name is Tim Lies. I'm with Entertainment Properties Trust. We're a publicly traded specialty REIT; which is, "real estate investment trust."

And we invest all across the country. We have about 3 billion in assets, primarily in megaplexes, movie theaters; and surrounding properties, entertainment districts, around those theaters. We also have, in the charter schools, ski parks, some of them nearby here. And water parks as well.

We're no strangers to New York. We have been

here quite a while. We own the New Rock Shopping Center in Westchester County. We have about $100 million invested in that project.

And, in Sullivan County, we own 1,500 acres at the proposed site. We're working with our prospective partners, Empire Resorts.

That project, we've invested $180 million already. And, we're excited to get that site activated and moving forward.

With that said, I'm not an expert in casinos. That's not what I do. It's not really the core of the company.

We are experts in entertainment complexes and the surrounding properties. So, we see the casino as a catalyst for future development.

It'll consume, two, maybe three hundred acres of our property. That still leaves us with well over a thousand acres for other investment opportunities.

To that end, we've hired Hart Howerton, a respected and well-renowned planning firm out of New York City, to do a comprehensive and strategic master plan for the property.

First, and foremost, they want to site the casino, and accommodate the casino, on our property,

and do an excellent job.

But, secondarily, they want to create the environment for future -- other investment, and a destination at our site, so that we can then have other investors come to the site, build those things that want to co-locate next to the casino.

We're here, supporting the amendment, because we see it does a few things.

As many of the experts here have attested, it stops leakage to other states. And we think we need to create destinations on our site. Being completely selfish, we want people coming to our site, and spending their dollars there.

So, if we could stop leakage out of New York, that's important to us.

Secondarily, we believe that people will stay longer. If they stay longer, decide to spend the night, then there's higher needs for lodging, for places to eat. Maybe shopping, other things.

Also, if they're staying longer, the chance is, they will use our golf course, use our other facilities.

We'll build tennis; which I know, Senator, you enjoy tennis.

We'll try and get these other uses built at

the site.

And then, the final point, is that we also think that there will be a higher level of a spend. Not only will they just spend a little bit and go home, but the dollars they spend will be greater. There will be demands for better-quality lodging, the spas, and the things that people have mentioned. And, also, higher-level boutiques and shopping.

So, that's really our goal: to stop the leakage, and to get a higher level -- longer stay, and a higher level of spend, for the remaining property.

We support our partners. And we think that the revitalization that we'll bring to Sullivan County will be significant. I.

Can't quote specific numbers in research. We're working on those things now.

We're doing, specific -- through the master-planning process, we're doing market and retail research.

So, we will have some numbers to share in the future, but we don't have those now.

Really, what we're -- what our goal is, is to create a sustained economic engine, for the county, for the state.

SENATOR BONACIC: Thank you.

Before I give my comments, I was remiss in not introducing Mr. Gerard Savage, who's the chief of staff for Senator Hassell-Thompson, who is my ranker on Judiciary.

Senator Thompson is in the district, with problems they're having with the aftermath of the Hurricane Irene. And she's there, helping the people, and she apologizes for not being here.

Thank you for being here, Mr. Savage.

GERARD SAVAGE: You're welcome, sir.

SENATOR BONACIC: First of all: I want to thank you for your ten-year endurance in Sullivan County.

Thank you for the jobs that you've created.

Thank you for the contributions that you've made to education.

You are valuable partners.

My questions will be more directed to, Tim, if I may.

Now, do you intend to locate the racetrack on the property that you purchased, next to the Concord? The old Concord?

Or, you can -- whoever would like to answer that question.

JOSEPH D'AMATO: Our plans are to build it on the approximately 1,400 acres -- or, approximately, 1,500 acres they currently -- EPR currently owns, which would not be at that -- the other site.

So, the plans we're currently developing would be, to include the racetrack, pretty close, not tied directly to the new facility that we would build.

So, this would be a completely new facility, not only casino and hotel, structured parking, and those amenities, but, also, with a simul- -- with a state-of-the-art simulcast and racetrack facility.

SENATOR BONACIC: Okay. Does that mean that you would then abandon the old racetrack?

JOSEPH D'AMATO: Not completely.

Our plans are, and even in talking with the EPRs, that we would also study as to the best uses for Monticello. But, we'd would probably keep the back -- we would have to keep the back-stretch area open, with all the support facilities that are -- exist there right now.

We would not duplicate the back-stretch area in the new facility.

SENATOR BONACIC: You know, I know Empire Resorts pretty well, having represent

Sullivan County.

I'd like you to talk, if you would, about the investment that you would make in entertainment, unrelated to gaming.

And, tell us what you're good at, what you've done across the country, and what you would bring to Sullivan County, as an adjunct to the resort and gaming industry.

TIMOTHY LIES: Right.

Across the country, we invest in entertainment, primarily, as I said, movie theaters is the core. It probably represents well over half of our business; AMC, and other major movie cinemas.

SENATOR BONACIC: Excuse me, Tim.

Is the mic on?

TIMOTHY LIES: Sorry.

SENATOR BONACIC: Can you speak into the mic?

TIMOTHY LIES: Okay, sorry.

So, our core is really in the entertainment area.

We also invest in water parks, ski hills, and public charter schools.

I'm not sure this is a market for a public charter school at the moment. We understand, we're actively looking at New York as a state.

The type of people we are currently talking to, and marketing the site to, are exactly those types of uses.

There are theme park-like operators that would provide a second gate at the site; a second attraction, to do a destination.

We also know the site could support some level of hospitality, maybe other hotels and other hoteliers.

That's not really where we invest, but we are, obviously, around a lot of other developments around the country, and we know who those people are, and we're talking to them as well.

I don't have a specific plan of what we're doing. That's what we're doing now, is the market study, to see what makes sense.

You know, the economics over the last five or ten years have changed. And, we really want to be putting together a plan that's sustainable, going forward, and that's really what we're looking at.

And with the casino as the anchor that we cluster our development around, that's really our goal.

But, you know, can't give you a list of, we will bring this, this, and this, today.

Hopefully, a year from now, a few months from now, I will.

SENATOR BONACIC: And, as I understand it, your principal place of business is, in Kansas?

TIMOTHY LIES: Well, we are --

SENATOR BONACIC: Kansas City?

TIMOTHY LIES: Well, we are in Kansas, but, with the amount of investment we have at this site, at New Rock, you know, we're pretty interested in New York as well.

SENATOR BONACIC: And does -- would your plan include unionized labor, if you went forward with your investment, for recreation and amusement, you know, adjacent to the old Concord?

TIMOTHY LIES: Well, we -- again, we would be investors, and that would be left up to the operators and the people. But, I assume that would be the case.

I don't know about their investment (indicating).

SENATOR BONACIC: I know how (inaudible) --

JOSEPH D'AMATO: For us, it's an easy answer, Senator.

But, yes.

CHARLES DEGLIOMINI: Yeah.

SENATOR BONACIC: Yeah.

JOSEPH D'AMATO: Yes.

And I think, based on the area, probably most of the others. At least on the construction site, definitely.

SENATOR BONACIC: Thank you.

Senator Griffo.

SENATOR GRIFFO: Joe, you said that you had many, many years in hospitality --

JOSEPH D'AMATO: Uh-huh.

SENATOR GRIFFO: -- and gaming.

When you talked about what's taking place, when you look at the landscape, particularly now, state by state, how do we stand apart then, if we get into the industry, and we talk about becoming points of destinations?

Obviously, the Metropolitan area stands for itself.

What makes it unique, and how do you stand apart, so that you're able to, attract, and to bring in the revenue that is anticipated, when you have all of this taking place now, because every state is looking at the same concept of convenience gaming?

JOSEPH D'AMATO: I think you have to balance the two, Senator, but let's talk about, I think each

of the nine would have to present something different. I don't think there's a cookie-cutter.

They talked a little bit about what Resorts World would do.

I think, maybe what Yonkers would do would be different.

What we would do, probably, would be a little bit -- somewhat different than, maybe, Finger Lakes.

What we would try to do, is, build a full-service resort hotel, with the related amenities.

As I sit in front of you, if I told you that we got 10 percent of our business from a neighboring state that I do absolutely limited amount of marketing, because I don't have the advertising dollars, you'd probably be shocked.

And, it's not Pennsylvania.

We get approximately 10 percent of our revenues from New Jersey.

Our ability to market into New Jersey, and parts of Pennsylvania, are substantial. I mean, we're close to those areas. You have Sussex and Bergen Counties in New Jersey.

And, for those people, there's an option. They can -- if we build a resort like this, they can

come to us. They don't have to go to Atlantic City. We're closer than what's up in the Northeast Pennsylvania area.

So, it's about -- I think the operators and the owners, working with -- obviously, with the State, has to build what makes sense for their area.

And, for us, we can't survive -- in Monticello, you can't survive on convenience gaming; because, if you have Yonkers and Aqueduct sitting in the New York Metropolitan area, I mean, that's a major convenience gaming market for them. Plus, they'll have a lot of tourism out of just what the tourism business in New York City drives.

So, we have to have the ability to expand our game -- convenience gaming market a little bit over what it is, so, that would mean going into Westchester County. But, then, my -- our biggest opportunities is, really, to start bringing people in, two to four days. A complete stay, similar to what Tim was talking about. Providing the amenities.

And, Senator, you talked about the four seasons? Absolutely.

We even talked; there's a small hill that people can learn to ski on the resort property.

So --

SENATOR GRIFFO: When you talk about profitability, that's one component. Then, there's the component of survivability.

So, you heard a number of other speakers come in, and talk about, how you could handle a number of facilities in, say, Sullivan County.

What is your perspective, if you were to have either Native American gaming, and you know there's another individual's interested in putting a facility in your area, is that -- can you complement each other, or would it be destructive?

JOSEPH D'AMATO: I think the area cannot support three full-scale gaming operators in that fashion.

Allow me, maybe, to bring up, people spoke about Mount Er- -- Air- -- Mount Airy, earlier.

Excuse me.

Since I opened that property, since I operated it for two years, I can tell you what happened to that property. And this was NYGA talked to you about, and I think some of the Senators were talking about.

The property was doing fairly well, until Beth Works opened in the Allentown, Bethlehem, and

Easton area. That cut off a substantial part of the -- a good business from the Allentown, Bethlehem, and Easton area. That was a very profitable business.

When that property opened, at full resort, it couldn't compete.

Now, that resort is about, 30 miles away?

And, now -- so, I think, as you go through the planning process, you got to consider what sits on your neighboring area. And you -- you're -- if constitutional gaming goes through, you -- you'll have, Yonkers, and Aqueduct, sitting there.

And I just find it hard, in my opinion, as someone who has seen the sea-change in this business, to say that three full-scale gaming operations, with full resort amenities, will operate.

You know, $600 million is the representative from Stockbridge. That's a lot of -- that's a sizable investment.

You have two or three investments such as that, it's hard.

SENATOR GRIFFO: And would you share that perspective relative to racing, obviously, too, then?

TIMOTHY LIES: Pardon me?

SENATOR GRIFFO: Would you share that perspective relative to racing, like tracks?

JOSEPH D'AMATO: Yes, sure.

SENATOR GRIFFO: Okay. Thank you.

TIMOTHY LIES: Yes.

And the reason we're able to, we have a reasonable racing operation, is that, we really don't directly compete with any other track. So, it's -- it provides some degree of profitability for us in that type of industry.

But, if there was another track right next door to us, I don't know how -- again, in Sullivan County, how you would survive.

SENATOR GRIFFO: Thank you.

SENATOR BONACIC: I want to thank all three gentlemen for coming today.

And, we will continue the dialogue.

Thank you very much.

CHARLES DEGLIOMINI: Thank you.

JOSEPH D'AMATO: Thank you.

TIMOTHY LIES: Thank you.

SENATOR BONACIC: Our next speaker then, is: Josh Gold. And, he's director of Political and Strategic Affairs, New York Hotel and Motel Trades

Council.

Josh, good afternoon.

Thank you for your patience.

JOSH GOLD: Thank you.

Good afternoon, Senators.

I want to, first, take this opportunity to thank, Senator Bonacic, and the members of -- or, all the Senators that are here today, for taking the time to begin what should be a series of good, important discussions around the future of full casino gambling here in New York.

It's a subject that deserves serious conversation, and we hope to play a constructive role that in dialogue in moving forward.

My name is Josh Gold, and I'm political and strategic director for the Hotel and Motel Trades Council. We represent 30,000 hard-working New Yorkers in the hospitality industry throughout the state.

The current discussion about gaming in New York is a very important and very serious conversation. The consequences of the decisions that we make, as a state, will be far-reaching and long-lasting.

Success cannot be defined solely on how many

big new casinos are built, or what kind of restaurants and events come in, but by whether or not the citizens of New York will be better off than they are today.

At its best, a thriving gaming industry can offer recreation and entertainment to residents and tourists, it can lure visitors, and stimulate the local economy by providing good-paying jobs, with healthcare benefits and pensions.

At its worth -- worst, sorry, gaming can drain local economies and government resources, ruin the social fabric of a community, and depress wages.

Absent the firm guiding regulation and leadership of the State, the gaming industry will pay workers low wages, provide little or no healthcare, and little or no retirement benefits.

Workers will go home from bad jobs with little to give back to their communities. Workers will need healthcare coverage and retirement support for themselves and their families.

State and local governments will be left to pick up the tab, and New Yorkers and taxpayers will suffer.

There are some people who oppose gaming for ideological reasons. We respect their views, and

expect our elected officials and the public to give careful thought to the question throughout the lengthy process of considering a constitutional amendment.

However, here today, as representatives of hard-working New Yorkers, the key question for us is, not whether to have gaming or not, the question is: If we expand gaming, what kind of industry will it be, and what will be its impact on New Yorker?

Will the future of gaming look like the racino at Aqueduct -- or, the future racino at Aqueduct, where workers will collectively bargain for fair wages, healthcare, and pensions; where workers can speak up about abuse and discrimination? Or, will the future of gaming look like other casinos, where workers are paid substandard wages, have no collective bargaining rights, and have limited protections from abuse and discrimination in the workplace.

These are the questions that must be addressed in any consideration of constitutional amendments.

Going forward, it is the responsibility of state leaders, including the elected officials in this room, to set the bar high, and hold the

industry accountable.

State leaders must ensure that gaming helps New Yorkers, and lifts the New York economy.

There's a lot of talk right now about creating jobs, and for a good reason.

The extended economic recession has left many New Yorkers unemployed or underemployed. Certainly, more jobs are needed.

Job creation is often the carrot that gets dangled in front of the public when expansion of gaming is discussed, but we cannot make mistakes in haste, and we cannot assume that gaming is, in and of itself, a cure-all.

Should this State move forward with granting an industry the privilege and opportunity of full casino gaming, the State must recognize its unique and historic position to ensure that good jobs are created.

New York must make it clear, before it agrees to anything, or rewrites the Constitution, what kind of jobs it wants.

The State must make it clear that it wants good-paying jobs, where workers have healthcare coverage and pensions, and the right to organize a union.

Expanding the gaming industry is a major undertaking that may result in significant tax revenues.

Elected officials must be careful to protect our taxpayer dollars and to protect our economy.

One of the most important ways to do so is to require labor peace agreements for any gaming facility in which the State has an interest.

Labor peace agreements safeguard the State from strikes and work-stoppages which can damage the industry, and undermine taxpayers' interests.

Labor peace agreements ensure that employers have the conversation about jobs before the State let's them in the door.

As representatives of hard-working New Yorkers across the state, we believe that, without labor peace agreements, expanding gaming in the state of New York may be do far more harm than good. And we strongly encourage the Senate not to consider any proposals that do not include labor peace.

Thank you for your time.

SENATOR BONACIC: Thank you, Mr. Gold.

Just a quick question.

Are any of the Native American casinos unionized?

JOSH GOLD: I'm not sure on all of the Senecas facilities. I think there were some drives there in -- earlier this past decade. But, they're not -- as far as I know, not currently unionized.

We do have a --

SENATOR BONACIC: In New York State, you don't.

I'm talking about the --

JOSH GOLD: Yeah, I'm talking about, the Seneca casinos are the only ones I'm familiar with. And I don't believe they are.

SENATOR BONACIC: Well, I don't -- yeah.

But the Oneidas are union?

JOSH GOLD: The Oneidas are not.

We do have agreements with some of the nations that spoke today. The Shinnecock.

And working towards, very close to an agreement, with the Stockbridge-Munsee.

SENATOR BONACIC: I think I interrupted you, but, the Senecas, is there, any of those unionized?

JOSH GOLD: I don't believe so.

SENATOR BONACIC: Okay.

Thank you very much, Mr. Gold.

Any questions of this gentleman?

Okay.

Thank you very much for your testimony.

Last, but not least, is: Joseph Faraldo, who's president of the Standard [sic] Owners Association of New York.

Joe, good afternoon.

Thank you for your patience.

JOSEPH FARALDO: I have a condensed version of the testimony.

First, I want to thank you, Chairman Bonacic, and the Committee members, for the opportunity to even testify here today.

As you might imagine, many who are among the 40,000 New Yorkers employed as a result of the state's critically important racing, equine, and agricultural industries, are extremely concerned about their futures and their livelihoods.

And, so, we are grateful to be able to share our thoughts and concerns about a proposed constitutional amendment to allow full casino gaming in New York.

I am here today, not only on behalf of the

SOA and thousands of members of the Empire State Harness Horsemen's Alliance, buts also a proud member of the newly forming statewide advocacy group, the New York Horse Racing and Agricultural Industry Alliance, that will be comprised of all of New York State's horsemen, breeders, and the agricultural industry representatives.

So, while we know that you have heard today from a Gaming Association that represents the interests of nine racino owners, you will now also start hearing, for the first time, from an alliance that represents the tens of thousands of New York horse owners, trainers, veterinarians, farmers, feed suppliers, breeders, grooms, blacksmiths, and others, who could potentially see their livelihoods threatened should a constitutional amendment be adopted without specific protections and support for New York racing.

Put as simply as possible: While a proposed constitutional amendment could certainly represent an opportunity to expand upon the significant gains that we have seen in our New York racing and agricultural industries, as a direct result of the thoughtful racing-based VLT initiative in place by the Legislature, it could also have the exact

opposite effect if New York does not take proactive steps to protect our racing and agricultural industries.

The agricultural and racing investments made in New York State, as alluded to by Senator McDonald, are as a result of higher purses from the VLTs, and not a mere matter of conjecture.

They are very real.

$9 million in capital improvements, and 11 million in stallions, invested at Blue Chip Farm in Orange County, New York;

The brand new $8 million training center, built by Mark Ford, in Middletown, New York, which has created dozen upon dozens of, new, and full-time jobs;

Or, the $4 million spent transforming an abandoned horse farm in Pine Bush, New York, into an active training center, that has succeeded in luring dozens and dozens of trainers away from competing states, right here into New York.

These unprecedented agricultural investments are having a huge effect creating jobs, and the economic multiplier across the state, and the very last bit of this, is the direct result of the higher purses generated by VLTs.

Therefore, to avoid cannibalizing our strong and growing racing industry, and potentially erase all of these years of job growth and economic gains, any resolution to allow full-scale commercial casinos must include strong, detailed language, mandating that these new gaming opportunities provide similar contributions to the state's job-intensive racing and agricultural industries, as currently exists in the model VLT law.

Without such mandated contributions, any resulting shift from existing VLT wagering to these new competing full-scale casino-wagering vehicles will undoubtedly decimate racing, and by extension, our agricultural industry.

It is, quite frankly, economically illogical to consider trading off tens of thousands of existing racing-, agricultural-, and equine-related jobs, in exchange for increased profits for casino owners, and a limited number of new positions for blackjack dealers, croupiers and pit bosses.

Furthermore, we must consider what additional hidden costs might be involved in any promise of new casino-related jobs.

For example: If the racino operators are angling for reduced tax rates as a trade-off for

these additional jobs, then what is the fiscal impact of shifting play from now-popular lottery table games, like loret (ph.) -- roulette or craps, to full casino version of these table games with potentially lower tax rates?

How will that impact revenue to the state, and to education?

And how will the State protect our racing and agricultural industries as part of that transition?

These types of questions, and the need to effectively balance the various interests of the state, public-school students, the racino operators, the racing industry, and agriculture in New York State, as the existing VLT program has done, are critical to the process, and to the policy discussions we are starting today.

So, with New York continuing to face unprecedented economic challenges, and with jobs, jobs, jobs, serving as the state's current public policy mantra, we in the New York State Horse Racing and Agricultural Industry Alliance look forward to working with you on the issues of potential constitutional amendment.

We remain committed to the belief, that any such initiative must generate important funding for

education in New York, and simultaneously protect and promote New York racing jobs and agriculture.

Once again, in conclusion: On behalf of the more than 40,000 representatives across New York State, in this equine industry, I want to thank you for the opportunity to allow me to share my thoughts with you.

And I would like to say one thing.

While we're sitting here, the New York Gaming Association made certain announcements and commitments. And I heard the great love expressed for -- for them, for agriculture and racing in the state of New York.

And while we were sitting here, one of the members of that same association, was quoted today in "Harness" magazine, as saying, that: Horsemen don't get anything in Pennsylvania from table games.

But I think that the horsemen are doing fine there, right now.

That is the reason why I asked to appear before you today.

And, that is the reason why, we, in the racing community, are very concerned about this transition; what effect it might have.

What effect it might have on the state of a

tax rate is reduced. And, what it will do to a renaissance that you've created, by your wisdom, in making sure that this industry is protected by legislative mandates.

That wisdom came out of this Committee, and the Assembly counterpart of this Committee.

And I urge you, that if you're going to consider doing this, you consider those ramifications, and structure it so that it is mandated by state law, the contributions to this industry, and not tradeoff 40,000 jobs for different types of jobs.

Thank you.

SENATOR BONACIC: Thank you, Mr. Faraldo.

I'm going to ask you three questions that are connected.

And one of the things at yesterday's hearing in Ontario County, a gentleman, who is an owner of Tioga Downs, talked about widespread use of illegal enhancing drugs, and it was concerned about the integrity of racing.

And, I tried to get a handle on how widespread he thought it was. And, he felt it's been there.

So, having prefaced that, I'm going to ask

you the three questions that are all interrelated to this subject.

And, as you talk, you can try to answer the three questions?

Judge Mark Powers struck down a State Racing and Wagering Board on performance-enhancing drugs, recently.

The Standardbred owners were plaintiffs in that case.

Some of your concerns with that ruling, do you think performance-enhancing drugs, growing, shrinking, or a steady problem in New York?

And what is your organization doing on that issue, with the Racing and Wagering Board, to control it?

Or, what do you think we have to do, more of, in order to, stop this, or to diminish -- just stop it, really?

JOSEPH FARALDO: I've been in this game about 40-some-odd years.

The expansion of performance-enhancing drugs, positive tests on drugs in racehorses in this country is, I believe, less than 2 percent of all participants.

So, if this is an epidemic, it is the

smallest epidemic known to mankind.

That's number one.

Number two: I don't think it's a growing problem.

The problem is, the inability to be able to catch people who are doing things within the parameters of the scientific knowledge we have today.

The Standardbred Owners Association was, indeed, a very proud plaintiff in that case, because, what the Racing and Wagering Board constructed, was very ill-advised, did not meet the goals to protect the rest of us in racing, as to a fair playing field. And we felt an obligation to challenge it on a number of constitutional grounds.

And if you read the decision, it's a very wise decision.

What has to be done, is, the Racing and Wagering Board -- and I don't know if this is really, very truthfully, possible for anybody to do; and that is, to keep up with the cheaters.

You see it in cycling, you see it in racing, you see it in any-and-all human competition and equine competition.

And if anyone can get a leg-up in advantage,

they are one step ahead of the science.

Now, what does that mean? How do you deal with that?

Well, being at it as long as I have, and with a chemistry background that I have, and my legal degree, I believe that the best way to do it, is to do more in the field policing, number one, because you're never going to keep up with the science. You're only going be able to detect what you know is being used.

If you don't know what's being used, or it's in the pharmacopeia of a foreign country, and it's not in your pharmacopeia, you're never going to be able to determine it until someone let's you know, by good police work, that it's being used.

Then you have to secure a standard.

Then you have to get an extraction method to get it out of blood or urine.

The Racing and Wagering Board is ill-equipped to do that. Most racing jurisdictions, truthfully, are inequipped [sic] to do that.

What we have been advocating, is that all of these states, racing states, pool their resources, and have either one or two labs in the country, instead of duplicating the efforts and minimizing

their ability to catch up with people who are cleating.

We don't want it, as honest horsemen, but we don't also want regulations that don't address the problem significantly, or truthfully and honestly.

So, in answer to your question: I don't think it's an epidemic. Number one.

Number two: The Racing and Wagering Board is very limited in what it can do, but I believe that they can do more investigatory police work; as was done in New Jersey, in a recent case, I think a year and a half ago, that caught some people who were doing something that the chemistry wasn't up to catching on its own.

That kind of thing needs to be done.

And I think we should consolidate the labs in this country to two labs, in this entire country, to test blood and urine from racehorses.

SENATOR BONACIC: I just want to, one more follow-up: The money allocated for detection of illegal enhancing drugs in horse racing, is it inadequate? Is it a discretionary item in the budget of John Sabini, Racing and Wagering?

In other words: Can he put more money in this area, as opposed to another area? Or is there

a line item specifically?

JOSEPH FARALDO: That, I don't know.

But, I do know this: Bottom line, for me, being a bottom-line guy, is that they don't have enough money. They don't have enough funding to do these things.

Traditionally, if you go back -- as long as I have been in the game -- if you go back, this was a function of the tracks.

It was the track's obligation to make sure the game that was out on that racetrack was fair and honest to people who were invited into the facility. They paid for it.

When things got bad, we lost all of our on-site laboratories, which did pre-race screening, and everything had to go back to Cornell.

And the racetracks began not to pay Cornell.

So, Cornell didn't have a way to raise the revenue to continue to testing.

So, the Racing and Wagering Board said: We will enforce this for you. Instead of the racetrack having to sue you, we'll come in, we'll be the people who are responsible.

The Racing and Wagering Board then got in a hole. They couldn't pay Cornell.

And then we were assessed, the horsemen, $10 for every horse that started, amounting to $1.3 million in the state of New York, to do steroid testing. And that was never done, because the Racing and Wagering Board had to pay that $1.3 million as part of its debt to Cornell, that they took over when the track said, we can't do this no more.

The tracks can certainly do this now, with the VLT revenue that they have.

SENATOR BONACIC: Okay.

JOSEPH FARALDO: But the horsemen are being asked to do it.

SENATOR BONACIC: That's very helpful. It's something we're going to continue to look into.

But, thank you very much.

Senator Griffo.

SENATOR GRIFFO: I would just like to follow up on that, Mr. Chairman.

I would, obviously -- Joe, you would think that the integrity of this sport is essential, obviously. So, any stain on that, whether it's an epidemic or not, is a problem.

Would you agree?

JOSEPH FARALDO: Yes, definitely.

SENATOR GRIFFO: And, then, as a result of that, from what you've indicated today, and you talked about the major, you know, franchises and professional sports organizations who have had similar problems, human problems, and they've had to undertake new policies and regulations, would it be in the industry's best interest then, working with Racing and Wagering, and the State, as a whole, to develop a new policy, where we can look at better testing and enforcement, and that there's a standard?

JOSEPH FARALDO: I don't believe that that's incorrect at all. I think that's very wise.

My only concern about that, is when the people who used to be responsible for this, because they were putting on the game.

We supply horses, we bring them to the racetrack.

The integrity part of this has to be maintained by the regulator; by the racetrack, with the regulator, and the State of New York.

I now say to you, that it can't be solely an obligation of the horsemen, which is now the shift that we see. As the racetracks make more money, they shift all the cost to racing onto the race --

to the horsemen. That's what they want to do.

My feeling is, is that should be a shared responsibility.

That's very fair, and very honest; shared between the State of New York, the racetracks, the horsemen, the breeders...all of the people who participate in it. And I include the State of New York in that.

SENATOR GRIFFO: The last thing I would ask is: When you talk an gaming, would you, from a -- your own perspective and experience, do you think that the best approach would be, to look at an enhancement of the facilities that exist, as you've heard today, like the racing facilities; or, another expansion -- outright expansion of new facilities? And how would that stack up against your industry?

JOSEPH FARALDO: No, I think it should be an expansion of what we currently have, which is controlled gaming in the state of New York, at facilities which traditionally have housed controlled gaming, from the constitutional amendment back in the '40s that allowed parimutuel wagering.

And I think that if it is done, it just needs to be done to protect the horse industry and the agricultural industry because you have a lot of jobs

there. And if you don't mandate it, the racetracks are not going to -- they're not going, out of the goodness of their heart, from that last statement I read you earlier from one of the members of the Gaming Association, that the horsemen don't get anything.

Well, that's what we're going have to deal with.

And if that happens, and it's not mandated and regulated, then we're going to be on the short end of the leverage stick, and we're going to end up hurting. And you're going to end up affecting 40,000 people, to some degree. Not all 40,000, obviously, but they're going to affected adversely.

So, we need to be protected.

SENATOR GRIFFO: Thank you.

SENATOR BONACIC: Thank you very much, Mr. Faraldo.

I want to thank my colleagues for their attention, attendance, and participation.

I especially want to thank all of the speakers today. I thought they were very enlightening.

We will take all of the testimony, digest it, and we will look to prepare legislation down the

road to address many of the concerns that were expressed today.

This meeting was September 7th, of the Judiciary, and the Racing and Wagering Committee.

It started at 10:05, and we're now adjourning at 1:10 p.m.

Thank you.

(Whereupon, at 1:10 p.m., the Joint Public Hearing of the Senate Standing Committee on Racing, Gaming & Wagering, and the Senate Standing Committee on Judiciary, was concluded.)

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