

# PROGRAM BILL # 45

## GOVERNOR'S PROGRAM BILL 2012

### MEMORANDUM

AN ACT to amend the racing, pari-mutuel wagering and breeding law, in relation to enacting the New York state racing franchise accountability and transparency act of 2012; to amend part A of chapter 60 of the laws of 2012 amending the racing, pari-mutuel wagering and breeding law and other laws relating to supervision and regulation of the state gaming industry, in relation to the effectiveness thereof; and to repeal certain provisions of the racing, pari-mutuel wagering and breeding law relating thereto

### PURPOSE:

This bill would modify the governance and accountability of the state racing franchise.

### SUMMARY OF PROVISIONS:

Section 1 of the bill provides a short title for sections one through six.

Section 2 contains legislative findings.

Section 3 would limit State acceptance of debt or liability.

Section 4 would create the New York Racing Association Reorganization Board ("the Reorganization Board" or "Board") and provide for its structure and method of appointment. The section also identifies methods of selecting and approving the Board's chair, filling vacancies, and removing and replacing Board members. Finally, the section would terminate the Board three years from its establishment.

Section 5 would require that the structure of the Reorganization Board be deemed to be incorporated within the existing certificate of incorporation of the franchised corporation, require conforming changes to be made to the governing documents of the franchised corporation and limit amendment of same.

Section 6 would require certain financial disclosures by Board members.

Section 7 would amend the date of establishment of the New York Gaming Commission.

Section 8 provides for an effective date.

**EXISTING LAW:**

Racing, Pari-Mutuel Wagering and Breeding Law § 207 provides a structure for the New York Racing Association board. The present structure provides for fourteen private directors and eleven public directors. Present members are not subject to any State financial disclosure requirements.

**JUSTIFICATION:**

The structure of gaming and racing is undergoing change in New York with the establishment of racinos, the creation of the New York State Gaming Commission, and first passage of a constitutional amendment on commercial casinos. Therefore, to ensure the viability and continuity of racing, the racing industry and industries that support and are sustained by the racing industry, exigent circumstances necessitate a temporary change of the governing structure of the present state racing franchise holder to bring it under short-term public control.

The members of the Reorganization Board have been charged with working in the best interest of all the stakeholders in horse racing and managing the state racing franchise with transparency and accountability. The state racing franchise will be returned to private control in the form of a not-for-profit corporation three years from the effective date of the law.

The legislature finds these statutory changes authorized by and consistent with the state racing franchise agreement appropriate, necessary and in the best interests of racing.

**LEGISLATIVE HISTORY:**

This is a new bill.

**BUDGET IMPLICATIONS:**

This bill has no fiscal impact on the state.

**EFFECTIVE DATE:**

This bill would take effect immediately except that sections four, five and six of this bill would take effect upon the appointment of a majority of the public directors of the Reorganization Board.