

**GOVERNOR'S PROGRAM BILL**

**2016**

**MEMORANDUM**

AN ACT to amend the racing, pari-mutuel wagering and breeding law, and the tax law, in relation to the franchised corporation's board of directors and racing support payments made to the franchised corporation

**Purpose:**

The purpose of this bill is to reconstitute the board of directors of the New York Racing Association, Inc. (NYRA), granting majority membership to privately selected members, and to provide complementary and reasonable public safeguards befitting a private not-for-profit corporation charged with fulfilling an entirely public mission.

**Summary of Provisions:**

**Section 1** of the bill would establish the legislative findings and intent.

**Section 2** of the bill would amend racing, pari-mutuel wagering and breeding law (PML) § 207 to reconstitute the board of directors for the franchised corporation (NYRA), and to provide governance standards for the conduct of the board or directors.

**Section 3** of the bill would amend PML § 212 to clarify the responsibilities and authority of the Franchise Oversight Board.

**Section 4** of the bill would amend tax law § 1612 to provide NYRA with seven percent of net machine income from the operation of VLTs at Aqueduct Racetrack for use on operating and capital expenditures. This section would require NYRA to spend or reserve at least \$16 million annually from such amounts for capital projects at Saratoga Race Course. This section would also provide that any amounts payable to NYRA in excess of \$46 million dollars would be instead payable to the lottery fund for education.

**Section 5** of the bill would amend the Urban Development Corporation (UDC) Act to increase the bond cap in an amount equal to the capital appropriation made in Section 6 of the bill.

**Section 6** of the bill would include a capital appropriation of \$16 million for capital expenditures made by NYRA at the leased tracks.

**Section 7** of the bill would establish an effective date of June 30, 2016, provided the provisions relating to racing support payments would take effect January 1, 2017.

**Existing Law:**

Under Section 207 of the Racing, Pari-Mutuel Wagering and Breeding Law, the current NYRA Reorganization Board will sunset in October 2016.

**Statement in Support:**

This legislation creates a statutory mechanism to reconstitute the Board of Directors of NYRA, absent which the current Board will terminate in October 2016 pursuant to Section 207 of the Racing, Pari-Mutuel Wagering and Breeding Law. The Board's termination would call into question NYRA's ability to operate the racing franchise.

This proposal establishes a governance framework for NYRA to operate as a private not-for-profit corporation, consistent with expectations set in legislation passed in 2012, and reflected in Section 207 of the Racing, Pari-Mutuel Wagering and Breeding Law. The private Board established in this bill, coupled with reasonable oversight and governance controls, complements the statutory objective and befits a private, not-for-profit corporation operating to achieve an exclusively public mission.

**Budget Implications:**

This bill would provide an additional \$12 million of revenue to the lottery fund for education in SFY 2017-18, and would provide a \$16 million capital appropriation from the State for NYRA capital expenditures.

**Effective Date:**

This act shall take effect on June 30, 2016, provided that the provisions of section four of this act shall take effect on January 1, 2017.