New York State Racing by the Numbers in 2008

The New York State Racing and Wagering Board’s annual report for 2008 is now available on its website at http://www.racing.state.ny.us/annualreports/AnnualReport2008.pdf As could be expected, the news is not pretty. Overall New York State handle on racing fell to $2.451 billion. This is a drop of 6% from 2007. When adjusted for inflation, this represents a 9.5% drop in total handle. This is the lowest handle amount in absolute dollars (unadjusted for inflation) in New York State since 1973 when handle was $2.356 million. In 1973, OTB only existed in New York City and the City of Schenectady. NYRA did not race for the entire year. When adjusted for inflation, real handle in New York State in 1973 was $11.434 million in 2008 dollars, or basically 4 2/3’rds more than it was in 2008.

Looking back 30 years ago and adjusting for inflation, New York State handle on horse racing is now 26.8% of what it was in 1978.

If you adjust for inflation, the last time New York racing handle was this low was in 1942.

Nonetheless, there were some entities that did not fare particularly badly in 2008. Yonkers Raceway saw its total facility handle increase even though it raced 54 fewer programs. On a per program basis, average live handle at Yonkers increased by 13.4% to an average of $69,075.

Total worldwide handle increased at Finger Lakes, Batavia Downs, and Buffalo Raceway.

Tioga Downs had a particularly bad year with total worldwide handle on Tioga racing decreasing by 19.8%.

The weakest link among the tracks was Monticello Raceway with total facility handle down by 15.9% and total worldwide handle on Monticello Raceway down by 26.1%. Average per program handle at Monticello on its own live racing is now down to $19,686.

New York City OTB also experienced a bad year with handle down by 8.7% and an accounting loss of $79.8 million.
The only thing you can say that is good about the 2008 numbers is that 2009 is likely to be far worse from the national trends that we have seen thus far this year.¹

The General Trends

75.4% of the wagering in New York was conducted at the OTB’s. This is down slightly from 2007 when 76.1% of the wagering was at the OTB’s.

Handle at the OTB’s in New York fell by 6.9% in 2008. By contrast, the handle at the State’s pari-mutuel tracks fell by only 3.1%. The total handle at the OTB’s was $1.847 billion which was the lowest handle figure since 1997.

At the State’s racetracks, total handle was $603 million. Handle numbers at the State’s tracks were less than that in 2005 and 2006 when there was limited racing at Yonkers Raceway. Other than those years, the last time that racetrack handle was below $600 million was back in 1951.²

54.5% of bets places in New York were placed on out-of-State racetracks. This is basically unchanged from the 2007 numbers. The total handle in New York State on out-of-State racetracks was $1.335 billion. This is down from the peak number of $1.464 billion which was reached in 2006. In that year 56.4% of New York State bets were placed on out-of-State racetracks.

Total wagering on in-State tracks was $1.115 billion. This appears to be the lowest handle number on in-State racing since 1961.

At the racetracks, the total imported simulcast handle fell by only 1.9%. Handle on live racing at the racetracks decreased by 4%. In 2006, in the absence of racing from Yonkers, handle on live racing was lower than the 2008 figure of $340 million, this but the fact is that other than in 2006, the last time that handle (unadjusted for inflation) on live racing at racetracks was this low in New York was in 1943.


² 1951 handle was $536.2 million.
If you adjust the 1943 number of $287 million in handle for inflation, (1943 was a war year with a limited season of thoroughbred racing, travel restrictions, and almost no harness racing. Total harness handle in 1943 was $2.8 million.) you find “real” handle in 2008 dollars of $3.578 billion.

At the thoroughbred tracks, total facility handle dropped by 3.3%. 18% of all wagers placed in New York were placed at thoroughbred tracks. 31.7% of the handle at thoroughbred tracks was on simulcast imports. This total simulcast handle of $140 million represented a drop in handle of 3.4%. Total simulcast handle at the thoroughbred tracks peaked at $151 million in 2004. Total handle on live thoroughbred racing was down by 3.2%. Total live handle on thoroughbred races was down to $301 million which is the lowest number again since 1943. 12.6% of all wagers in New York were placed at thoroughbred facilities on live thoroughbred racing.

At the harness tracks, total facility handle dropped by 2%. 6.7% of all wagers placed in New York were placed at harness tracks. 76.1% of the handle at harness tracks was on simulcast imports. The total simulcast handle of $14 million represented a slight drop in handle of .2%. Total handle on live harness racing was down by 7.6%. Total live handle on harness racing at $39.1 million was below its historical low of $27.8 million in 2006, but other than the limited Yonkers’ years of 2005 and 2006, this is the lowest live handle number since 1944. As of now, 1.6% of all wagers in New York were placed at harness facilities on live harness racing. To put this into context, in 1967, before the days of OTB, 51.1% of all wagers in New York were placed at harness tracks on live harness racing. In the peak year of 1973, $879 million was wagered on track on live harness racing. Adjusting for inflation, New York handle on live harness racing is .9% of what it was in 1973.

At the racetracks, takeout – including breakage - amount to 19.9% of the handle. Of this percentage, breakage amounts to .44% of the handle, and the takeout is 19.42% of the handle. The total tax and regulatory fee paid by the State’s racetracks is $11.4 million which represents 1.9% of handle. Apart from the regulatory fee, the actual pari-mutuel tax represents 1.4% of handle.

The Thoroughbred Tracks

________________________

3 Yonkers raced only 32 days in 2006.
NYRA – Total NYRA facility handle decreased by 3.3%. Imported simulcast handle decreased by 3.8%, and live handle decreased by 3%. NYRA’s problems seemed to result after the first half of the year, and its biggest problem was at Saratoga. Total attendance at Saratoga was off by 14.3%, and live handle was down by 6.9%. Total facility handle was down by 5.7%. NYRA ran one fewer program in Saratoga in 2008 than in 2007, so on a per program basis, attendance was 24,930 in 2008 compared to 28,285 in 2007. Per program, attendance was down by 11.9%. Live handle per program at $3.273 million was down by 4.2%.

Total live handle at Saratoga for 35 days of racing was $114.6 million. Saratoga live handle now far outdistances the live handle for Belmont and Aqueduct. In 2008, live handle for 35 days of Saratoga was nearly three times larger than the live handle for 935 days of racing at the State’s harness tracks. As a further indication that weather may have affected the live meeting, imported simulcast handle at the Saratoga meeting increased by 9.5%.

While racing three more days in 2008 than in 2007, Aqueduct’s meetings largely held steady. Total facility attendance increased by 2.2%, and total live handle increased by 1.6%. Total facility handle decreased by 2%. On a per program basis, attendance was down slightly from 2,755 to 2,744. Similarly on a per program basis, total live handle was down .9% to $623 thousand.

At Belmont, also racing three more dates in 2008 – total attendance increased by 10%. This was largely due to the 94,476 people in attendance for the Belmont Stakes. Total live handle dropped by 1.9%, and total facility handle decreased by 2.3%. On a per program basis, attendance increased by 6.5% to 6,315, and live handle decreased by 4.9% to $1.064 million. Per program, total facility handle decreased by 5.5% to $1.66 million.

NYRA’s total worldwide handle was down 2.1% to $2.289 billion. The simulcast exports from NYRA to the State’s racetracks increased slightly by 1.1%. Handle on NYRA’s simulcasts to out-of-State entities decreased slightly by .6%. These out-of-state entities now represent 63.8% of NYRA’s handle. Total in-State NYRA handle decreased by 4.8%.

---

4 Many of the problems at Saratoga were due to inclement weather. See “3 Hurdles Crimp Saratoga Style,” Albany Times Union, September 2, 2008; “The Day at the Races,” Daily News, August 12, 2008.
On-track handle now accounts for 11.6% of the handle on NYRA races. NYRA’s major problem was a 6.1% reduction in handle on exports to the State’s OTB’s. NYRA handle was down at all of the OTB’s, but the major problem area was New York City OTB where NYRA handle decreased by 8.1%. The average worldwide per program handle on NYRA racing was $9.996 million.

The total State pari-mutuel tax and regulatory fee at NYRA was $8 million which represented 1.94% of total handle.

**Finger Lakes** – Racing one fewer program in 2008, Finger Lakes’ total facility handle was down 3%. Live handle was down 7.4%, but simulcast handle at Finger Lakes increased slightly by .5%. Attendance appears to have decreased by 10%, but judging the actual attendance at the State’s racino tracks would seem to amount to total guesswork.

Total worldwide handle for Finger Lakes increased by 6.7% while handle exported to the State’s OTB’s fell by 3.3%, Finger Lakes’ handle at out-of-State entities increased by 16.5%. Total in-State Finger Lakes handle decreased by 4.5%. Currently, live handle at Finger Lakes is 6.9% of handle. The average worldwide per program handle on Finger Lakes racing was $1.010 million.

**The Harness Tracks**

**Batavia Downs** – At Batavia Downs, which is owned by Western Regional OTB, total facility handle decreased by 7.7%. Simulcast imports at Batavia were down by 9.6%. Racing three additional programs over 2007, total live handle decreased by 2.9%. On a per program basis, average live handle decreased by 7.7% to $33,967.

Total handle on Batavia racing increased by 9.9%. Batavia’s handle at out-of-State entities increased by 7.2%, but Batavia still has by far the least handle of any New York track at out-of-State entities. Batavia’s major uptick was at the OTB’s where handle rose by 24.8%. Batavia handle increased at every OTB corporation except Catskill. Currently live handle at Batavia is 38.6% of total handle. Total in-State handle on Batavia increased by 10.1%. The average worldwide per program handle on Batavia racing was $102.7 thousand.
Buffalo Raceway – Total facility handle at Buffalo Raceway decreased by 7.1%. Simulcast imports were down by 9.2%. Racing one additional program over 2007, total live handle decreased by 2.3%. On a per program basis, average live handle decreased by 3.5% to $30,759.

Total handle on Buffalo racing increased by 23.7%. This increase was largely due to a 96.2% increase in handle at out-of-State entities. Buffalo handle at the State’s OTB’s also increased by 8.6%. This was due almost exclusively to a 51.1% rise in handle at New York City OTB. Currently live handle at Buffalo is 22.6% of total handle. Total in-State handle on Buffalo increased by 4.6%. The average worldwide per program handle on Buffalo racing was $136.1 thousand.

Monticello – Monticello had an awful 2008. Total facility handle at Monticello decreased by 15.9%. Simulcast imports were down by 14.3%. Racing four additional programs over 2007, total live handle was down by 18.2%. On a per program basis, average live handle decreased by 19.7% to $19,686, the lowest in the State.

Total handle on Monticello racing decreased by 26.1%. At out-of-State entities Monticello handle decreased by 27.5%. Despite this decrease, Monticello’s out-of-State handle is far in excess of every other harness track except for Yonkers Raceway. Monticello’s handle at the State’s OTB’s decreased by 24.2%. Monticello handle decreased at each of the OTB corporations. Currently live handle at Monticello is 4.8% of total handle. Total in-State handle on Monticello decreased by 23.8%. The average worldwide per program handle on Monticello racing was $409.7 thousand.

Saratoga Harness - Total facility handle at Saratoga Harness decreased by .5%. Simulcast imports increased by 1.3%. Racing the same number of programs as in 2007, total live handle was down by 8%. On a per program basis, average live handle was $42,041.

Total handle on Saratoga racing decreased by 2.7%. At out-of-State entities, Saratoga handle increased by 14.1%. Saratoga handle at the State’s OTB’s decreased by 16%. Saratoga handle increased at Catskill, Nassau, and Suffolk OTB’s, but this could not make up for a 72.7% decrease at New York City OTB. Currently live handle at Saratoga is 26.8% of total handle. Total in-State handle on Saratoga decreased by 11.6%. The average worldwide per program handle on Saratoga Harness racing was $157.1 thousand.
**Tioga Downs** - Total facility handle at Tioga Downs decreased by 2.1%. Simulcast imports increased by 3.4%. Racing one additional program over 2007, total live handle was down by 13.4%. On a per program basis, average live handle was down by 14.9% to an average of $32,288.

Total handle on Tioga racing decreased by 19.8%. At out-of-State entities, Tioga handle decreased by 16%. Tioga handle at the State’s OTB’s decreased by 26.4%. Tioga handle increased at Catskill OTB, but fell significantly at the other OTB’s. Currently live handle at Tioga is 31.5% of total handle. Total in-State handle on Tioga decreased by 22.1%. The average worldwide per program handle on Tioga Downs racing was $102.6 thousand.

**Vernon Downs** - Total facility handle at Vernon Downs increased by less than .1%. Simulcast imports decreased by .2%. Racing ten additional programs over 2007, total live handle was up by .8%. On a per program basis, average live handle was down by 10.4% to an average of $40,256.

Total handle on Vernon racing decreased by 4.5%. At out-of-State entities, Vernon handle decreased by 11.2%. Vernon handle at the State’s OTB’s decreased by 2.7%. Vernon handle increased at Catskill and New York City OTB, but fell significantly at Capital OTB. Nassau and Suffolk OTB again took no racing from Vernon. Currently live handle at Vernon is 44.1% of total handle. Total in-State handle on Vernon decreased by 1.9%. The average worldwide per program handle on Vernon Downs racing was $91.2 thousand, the lowest in the State.

**Yonkers Raceway** – Yonkers appears to have had the best year of the harness tracks. Total facility handle at Yonkers Raceway increased by .7%. Simulcast imports increased by 3.2%. Racing 54 fewer programs than in 2007, total live handle was down by 6.5%. On a per program basis, average live handle increased by 13.4% to an average of $69,075.

Despite the reduction in programs, total handle on Yonkers racing increased by 4.4%. At out-of-State entities, Yonkers handle increased by 15.2%. Yonkers’ handle at the

---

5 A 17.6% reduction in programs.
State’s OTB’s decreased by 9.3%. Currently live handle at Yonkers is 7.1% of total handle. Total in-State handle on Yonkers decreased by 8.8%. The average worldwide per program handle on Yonkers racing was $743.4 thousand, the highest harness racing number in the State. In 2007, the average program handle at Yonkers was $586.7 thousand. 2008 saw a 26.7% increase in average program handle at Yonkers.

The OTB’s

The OTB’s had major financial issues in 2007, with both New York City OTB and Suffolk OTB running deficits. The OTB system in the State operates in an odd way under which the OTB’s pay out-of-State tracks very little for their simulcasts while returning significant revenues to the in-State tracks both directly in commissions for the racing and indirectly through regional payments. Thus collectively, the OTB’s paid tracks 8.3% of their handle. Out-of-State harness tracks received 2% of their handle at OTB in commission, and out-of-State thoroughbred tracks received 2.6% in commissions from the OTB’s. The OTB’s paid 16.3% of their handle back to the thoroughbred tracks. The OTB’s paid 26.2% of their handle back to the harness tracks.

Apart from Suffolk and New York City, the OTB’s had $5.9 million in profits and (counting New York City and Suffolk) generated $29.3 million in surcharge for localities.

New York City – NYCOTB has been taken over by New York State, but there has been no turnaround in the corporation’s finances. NYCOTB accounts for 50.9% of the handle of the State’s OTB’s and for 38.4% of the State’s wagering dollars. Nonetheless, NYCOTB handle fell by 8.7% in 2008. This was the largest percentage decrease of the OTB’s.

NYCOTB, according to accounting guidelines, suffered a net loss of $79.8 million. Adding back surcharge and other capital acquisition funds, the NYCOTB all sources loss was $58.8 million.

---------------------------------

6 This commission rate includes the commissions paid by the OTB’s on the Kentucky Derby, the Preakness, and the Breeders’ Cup.
NYCOTB’s taxes and regulatory fees amounted to 1.2% of its total handle. Surcharge payments to localities were 1.1% of handle. In toto, NYCOTB paid a commission to tracks of 8.75% of handle. NYCOTB had in-State harness handle of $45.9 million and paid the State’s harness tracks $13 million for a de facto commission rate of 28.3%. NYCOTB paid a commission of 2.1% on its handle to out-of-State harness tracks, and 2.5% to out-of-State thoroughbred tracks.\(^7\) NYRA received as a commission 18% of the moneys wagered on NYRA at NYCOTB. Apart from its corporate and branch expenses, NYCOTB paid 11% of its handle to tracks and governments.

**Capital OTB** – Capital OTB is the third largest OTB in the State. Its handle in 2008 declined by 5.6%. Capital was profitable in 2008 with net revenue of $992 thousand or .5% of handle. Adding in surcharge revenue, Capital’s gross revenues were $4.688 million or 2.5% of handle.

Capital’s taxes and regulatory fees amounted to 1.28% of its total handle. Surcharge payments to localities were 2.1% of handle. In toto, Capital paid a commission to tracks of 8% of handle. Capital had in-State harness handle of $10.8 million and paid the State’s harness tracks $4 million for a de facto commission rate of 37%. Capital paid a commission of 2.1% on its handle to out-of-State harness tracks, and 2.4% to out-of-State thoroughbred tracks. NYRA received as a commission 10.9% of the moneys wagered on NYRA at Capital. Apart from its corporate and branch expenses, Capital paid 10.4% of its handle to tracks and governments.

**Catskill OTB** – Catskill is the smallest and most profitable of the State’s OTB’s.\(^8\) Nonetheless, handle at Catskill decreased by 7.5% Catskill was profitable in 2008 with net revenue of $3.2 million or 2.6% of handle. Adding in surcharge revenue, Catskill’s gross revenues were $ 6.636 million or 5.4% of handle.

---

\(^7\) This would include commissions paid on special events such as the Kentucky Derby, Preakness, and Breeders’ Cup.

\(^8\) Profits may have to do with the skill of Catskill’s Don Groth in limiting corporate expenses. Expenses at Catskill OTB are 10.1% of handle as compared to 10.9% at Capital and 11.2% at Nassau.
Catskill’s taxes and regulatory fees amounted to 1.38% of its total handle. Surcharge payments to localities were 2.3% of handle. In toto, Catskill paid a commission to tracks of 8.1% of handle. Catskill had in-State harness handle of $11 million and paid the State’s harness tracks $2.4 million for a de facto commission rate of 30.9%. Catskill paid a commission of 2% on its handle to out-of-State harness tracks, and 2.6% to out-of-State thoroughbred tracks. NYRA received as a commission 16.3% of the moneys wagered on NYRA at Catskill. Apart from its corporate and branch expenses, Catskill paid 10.6% of its handle to tracks and governments.

**Nassau OTB** - Nassau is the second largest of the State’s OTB’s. Handle at Nassau decreased by 3.9% which was the smallest percentage handle drop among the OTB’s. Nassau was profitable in 2008 with net revenue of $146 thousand or less than .1% of handle. Adding in surcharge revenue, Nassau’s gross revenues were $ 6.636 million or 1.9% of handle.

Nassau’s taxes and regulatory fees amounted to 1.32% of its total handle. Surcharge payments to localities were 1.8% of handle. In toto, Nassau paid a commission to tracks of 7.8% of handle. Nassau had in-State harness handle of $11.5 million and paid the State’s harness tracks $2.7 million for a de facto commission rate of 23.5%. Nassau paid a commission of 1.9% on its handle to out-of-State harness tracks, and 2.6% to out-of-State thoroughbred tracks. NYRA received as a commission 14.1% of the moneys wagered on NYRA at Nassau. Apart from its corporate and branch expenses, Nassau paid 10.7% of its handle to tracks and governments.

**Suffolk OTB** – Suffolk, like New York City, had negative results for 2008. Handle at Suffolk decreased by 5.1% Suffolk was not profitable in 2008 with net revenue loss of $1.884 million. Adding in surcharge revenue, Suffolk’s gross revenues were $ 46,719 or less than .1% of handle.

Suffolk’s taxes and regulatory fees amounted to 1.3% of its total handle. Surcharge payments to localities were 1.8% of handle. In toto, Suffolk paid a commission to tracks of 7.8% of handle. Suffolk had in-State harness handle of $8.95 million and paid the State’s harness tracks $1.94 million for a de facto commission rate of 21.7%. Suffolk paid a commission of 2% on its handle to out-of-State harness tracks, and 2.6% to out-of-State thoroughbred tracks. NYRA received as a commission 13.6% of the moneys wagered on
NYRA at Suffolk. Apart from its corporate and branch expenses, Suffolk paid 10.2% of its handle to tracks and governments.

**Western OTB** – Western, which ran deficits in the early years of the 21st century, had a profitable year. In part, this profit was the result of Western’s VLT profits at Batavia Downs. Western OTB has lottery and other income of $4.1 million. Collectively, the five other OTB’s had income of $3 million in these categories. Handle at Western decreased by 3.9%. Western in 2008 had net revenue of $1.5 million or 1.1% of handle. Adding in surcharge revenue, Western’s gross revenues were $ 4.725 million or 3.5% of handle. This made Western the second most profitable OTB, behind only Catskill. The smallest OTB’s in the State had the largest profits.

Western’s taxes and regulatory fees amounted to 1.3% of its total handle. Surcharge payments to localities were 2.6% of handle. In toto, Western paid a commission to tracks of 7.8% of handle. Western had in-State harness handle of $14.1 million and paid the State’s harness tracks $2.8 million for a de facto commission rate of 19.9%. Western paid a commission of 2% on its handle to out-of-State harness tracks, and 2.7% to out-of-State thoroughbred tracks. NYRA received as a commission 12.8% of the moneys wagered on NYRA at Western. Finger Lakes received as a commission 18.3% of the moneys wagered on Finger Lakes at Western. Apart from its corporate and branch expenses, Western paid 10.4% of its handle to tracks and governments.