

# Suffolk OTB bailout in the works

By [David Lombardo](#)  
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Legislation has been introduced that would pave the way for Suffolk County Regional Off-Track Betting to declare bankruptcy and potentially avoid bailing on its debts, which might include money for the New York Racing Association.

In December, a federal judge ruled Suffolk OTB could not declare bankruptcy without approval from the state Legislature and Gov. Andrew Cuomo. Suffolk OTB had filed for bankruptcy last spring and faced opposition from Churchill Downs, the Kentucky race course that is one of its largest creditors, even though the bankruptcy plan included a framework to pay all debts in full.

Last spring, NYRA President Charles Hayward said Suffolk OTB owed them about \$1 million. NYRA gets 2.5 percent of the money bet through the state's regional OTBs.

As part of the legislation authorizing Suffolk OTB to file for bankruptcy, access to funds in its capital acquisition fund would remain open for "general corporate purposes," according to the bill's memorandum.

"This specific authorization to allow Suffolk OTB to file for bankruptcy will protect taxpayers as well as the horse racing industry in New York," reads the memorandum. "Without bankruptcy protection, in the face of fiscal difficulty, Suffolk OTB could be forced to shut its doors and terminate hundreds of employees. This has devastating consequences for employees, suppliers, landlords, neighborhoods and creditors, and creates complicated and expensive issues for taxpayers. In addition, it causes New York horse racing enthusiasts and racing revenue to shift from New York State-based operations to out-of-state horse racing ventures."

A state Senate source familiar with NYRA and the regional OTB relationship questioned whether revenue would necessarily shift out of New York if Suffolk OTB collapsed. He said similar to what happened after New York City OTB collapsed at the end of 2010, the state would not miss out on revenue if it adopts a smart online betting program to fill the void.

Last fall, Hayward said that after the New York City OTB closure, NYRA improved its online and telephone betting platforms and ended up increasing revenue from these platforms by \$10 million.

Both bills authorizing the bankruptcy protections were introduced Friday in the state Legislature and were referred to each chamber's respective racing committee, with no meeting dates set.

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