

# Governor Cuomo's "Takeover" of New York Horse Racing

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*American Pharoah last week cruised to a five-length victory in the Belmont Stakes and became the first thoroughbred to claim horse racing's [Triple Crown](#) in 37 years. The publicity and excitement of finally having a 12th Triple Crown winner should be a much needed boon to a sport that long ago lost its iconic place in American culture. In New York, where American Pharoah's victory took place, Governor Andrew Cuomo has taken advantage of the moribund status of the horse racing industry to unilaterally takeover the state's thoroughbred circuit to create a gift for wealthy corporations and donors.*

The [New York Racing Association](#), a not-for-profit organization that holds the franchise rights to operate the three tracks in the state (Aqueduct, Belmont and Saratoga), was created in 1955. NYRA is regulated by the New York State Gaming Commission. In the past, NYRA had been plagued by scandals and [corruption](#), leading to its declaration of Chapter 11 [bankruptcy](#) in 2006. In a bailout organized under disgraced former Governor Eliot Spitzer, NYRA was forced to surrender its ownership of the three race tracks in return for a new 30-year lease. The organization was disbanded in all but name as the management and the board were completely overhauled.

The new entity was respected by the industry and the fans. They managed to stabilize NYRA's fiscal situation, bringing them back into the black without do so at the expense long-time racing fans. In fact, they even introduced price decreases at Saratoga Race Course. Food and drinks at the beautiful and [historic](#) racetrack, the oldest in the United States, which draws hundreds of thousands of visitors every year from across the country and the world, were as low as any sports entertainment venue in the country. By all accounts, the new management had done as well as anyone could have hoped for.

But in 2012 Cuomo essentially organized a coup in which the NYRA board "[agreed](#)" to be replaced by appointees from the governor himself, as well as both branches of the state Legislature. This was billed as an interim arrangement, with the [bill](#) mandating a three-year term for the newly reorganized board, which would then "be returned to private control, remaining in the form of a not-for-profit corporation."

Andrew Beyer, a columnist for the Washington Post and a legendary horse racing handicapper, wrote that an unintended error that short-changed bettors \$8.5 million dollar because of the expiration of an obscure state law that reduced takeout, and went unnoticed not just by NYRA but by state oversight organizations, served as a convenient pretext.

"This was Cuomo's opportunity to execute a coup. The governor is a staunch supporter of the casino industry, which can generate significant revenue for the state, not to mention large political contributions. Because of the law giving racetracks a subsidy from slot-

machine funds, horse racing siphons away money that politicians want for their own aims," [Beyer wrote](#).

Another respected racing journalist, Ray Paulick, also called Cuomo's takeover maneuver a *coup d' etat*.

Like any good politician, Cuomo talks a good game, and says this reorganization is being done for the benefit of the horseplayers who entrust their faith in racing, along with the taxpayers, and the horses themselves," [Paulick wrote](#). "More than a few people believe Cuomo is creating something akin to the New York off-track betting system that has been a model for how not to do things: a structure that allows political hacks to give jobs to friends and family and eventually create a bloated bureaucracy that is doomed to failure.

While it would certainly be positive to subject any organization to democratizing reforms, this is far from what happened. Cuomo certainly never campaigned on the NYRA issue. There wasn't even a pretext of selecting new board appointees to better represent the public. They were chosen to do Cuomo's bidding, plain and simple. While Cuomo and state legislators are theoretically accountable to the public, in reality they know their next election won't turn on their handling of the situation.

If there were any illusions that making NYRA a government agency would increase transparency, they quickly went out the window. Tom Noonan, a blogger on New York horse racing, questioned from the beginning why the new CEO was awarded a [contract](#) for nearly \$100,000 more than the previous CEO, who had been summarily dismissed after Cuomo's coup. Noonan filed numerous requests under the Freedom of Information Law (FOIA), including for copies of CEO Christopher Kay's contract and performance standards that would entitle him to a \$250,000 bonus.

There could not be a better example of NYRA's blatant flouting of the public records law than their response to my request for documents from other entities concerning NYRA's obligations to act under both the public records law and the Open Meetings Law," [Noonan wrote](#). "They denied any such documents existed, even though there is an opinion from the Committee on Open Government - the state agency with responsibility for overseeing both of these laws - stating that NYRA was indeed subject to them.

The real reason for Cuomo's sudden interest in "reforming" the New York racing industry is his plan for a \$4 billion convention center on the current site of Aqueduct Race Track. This ill-conceived idea was laid out in his 2012 [State of the State address](#), in which he announced his "new economic development blueprint that invests billions of dollars in key public-private sector partnerships ... a reinvention of how government operates."

In reality, these public-private ventures are not a reinvention of anything, they are exactly how government has worked for the last several decades. They are a great way for politicians to grab headlines and promote impressive sounding promises of returns - businesses, jobs, tax revenue - that never materialize as promised.

Cuomo knew the NYRA board would never voluntarily give up their track for his pet project. Neither was there any public demand for it. The [Associated Press](#) noted that "public opinion

polls .. didn't share Mr. Cuomo's enthusiasm for a 3.8 million-square-foot facility in Queens that could turn into a casino complex." The solution was to steamroll the project through before anybody knew what happened. But first he would need authority that he didn't have.

With the stage set, Cuomo executed his takeover of NYRA and installed his handpicked lackeys. Now holding majority voting power, they would be able to sanction his ill-advised plan to collude with developers and casino moguls to create a "mega-development."

Essentially Cuomo's entire economic plan as governor has consisted of tax cuts for corporate business with the promise that this would bring jobs. The optimistic talk has so far yielded [laughably bad results](#), with a grand total of 76 jobs created in the first year of his Start-Up New York program. Cuomo has also enthusiastically supported the expansion of private [charter schools](#) as the wealthy groups behind them donate millions of dollars for his campaign coffers.

There are alternatives Cuomo could be pursuing instead of wooing big business with state money. Lawrence Wittner, Professor of History at the State University of New York at Albany, writes in [CounterPunch](#) that "instead of shoveling billions of dollars into the coffers of private, profit-making companies, New York could invest its public resources in worthwhile ventures that generate large numbers of jobs - for example, in public education."

Thankfully, Cuomo's plan for a mega-convention center appears to have [fallen apart](#). Devoid of its *raison d'etre*, the coup-installed NYRA board has stumbled through its three-year term alienating fans and instituting corporate discipline on a non-profit institution. "NYRA has become profitable by a combination of cutting workforce, raising prices as well as having a fantastic Belmont Stakes Day," reported the [Daily Racing Form](#). Hard-core fans were livid last year when admission to Saratoga was raised 60% just a month after the debacle at the Belmont Stakes, where food and beverages ran out in the early afternoon and thousands were stranded for hours on train platforms and in the parking lot after the race. This year, admission to the Belmont Stakes was raised nearly 100%.

Having demonstrated their disregard for state transparency laws, Cuomo's new NYRA board has also failed to give up their control as they are required to by law. The state budget has proposed extending their tenure for another year. So the zombie board rolls on, indifferent, at best, to the interests of the public and the sport itself.

Though far removed from its heights, the Sport of Kings still counts tens of thousands of fans in New York State, in the region and beyond. There is also a sizable industry of people who depend on racing for their livelihood. They are not just the trainers and jockeys, but veterinarians, stable hands, exercise riders, hot walkers and farriers.

If Cuomo had intended to make a legitimate public investment - in public housing or public education, for instance - and made the case that this outweighed the benefits of allowing independent management of horse racing in New York, his takeover of NYRA would be justifiable. But a unilateral power play to ram through a gift to developers and potential campaign donors without demonstrating how this would be a valuable use of taxpayer funds and assets demonstrates Cuomo's authoritarian tendencies.

From his office in Albany, Cuomo already has his eyes set on Washington. He doesn't plan to live out his golden years questioning "What if?" like his father Mario. Cuomo has proven to be a devoted neoliberal, imposing [austerity](#) and cutting public services while funneling state

tax dollars and assets into the hands of private enterprise, so they can profit from them. With his progressive rhetoric and business-friendly policies, Cuomo is a rising star in the Democratic Party and a possible successor to Hillary Clinton. This bodes well for Cuomo's career prospects, but poorly for the United States' political system and economy.

**Matt Peppe** writes about politics, U.S. foreign policy and Latin America on his [blog](#). You can follow him on [twitter](#).

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