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by bill finley

NYRA IS FOR SALE. BUT WHO WOULD WANT IT?

By Bill Finley

So Andrew Cuomo wants to privatize NYRA, sell it to the highest bidder, which he figures will be any one of a dozen major companies who will be beating down the door of his Albany office with checkbooks in hand. Perhaps there is someone or some company out there who will want to buy NYRA, but that's only because the world is filled with gullible people.

Paying for the right to run the New York tracks would mean investing in a racing operation that has been a big money-loser over the years, dealing with a governor who has proven that he can't be trusted and venturing into a future fraught with unknowns. A smart business person wouldn't go anywhere near it.

NYRA lost $24 million in 2011. In 2010 it lost $17 million. Perhaps a savvy team could cut into those numbers, but maybe not. Despite Cuomo's attempts to portray NYRA management as incompetent and borderline criminal, the truth is that the New York racing operation has been run reasonably well. NYRA has had to keep three aging racetracks functional, has never been allowed to run off-track wagering in its own backyard and had to sit by helplessly while New York state government turned the process of opening a casino at Aqueduct into a pathetic circus.

Racing, unfortunately, has been transformed into a business where the only way to make money is to have outside revenue sources. Keeneland has the sales. Churchill Downs has the Kentucky Derby. Numerous tracks have slot machines. Is anyone making money selling horse racing and only horse racing? Even in New York, with big handles and the Saratoga cash cow, the racing business is not a profitable one.

With the Aqueduct casino finally opening, NYRA's finances have taken a turn for the better. It is projecting a profit in 2012, but only because of the $20.6 million in operational support payments from VLT proceeds and $27.5 million in VLT capital funds it will receive. Without the slots /VLT money, NYRA would have another year where it finished deep in the red.

If iron-clad guarantees could be made that the new operator would get a healthy cut of the slots revenue in perpetuity then perhaps it would make sense to buy the NYRA tracks. But Cuomo has proven that his promises mean nothing.

One day, he was hell bent on expanding the Aqueduct racino and allowing its operator, the Malaysian company Genting, to build a huge full scale casino and convention center there. Then his idea was to build a casino in Manhattan at the Jacob Javitz Center on the west side of Manhattan.

Cuomo's vision seems to change by the minute, but there is always one constant-casino companies keep pouring money into Albany. According to Common Cause, gambling interests spent nearly $4 million on lobbying and more than $700,000 on campaign contributions in the first half of 2012. There doesn't appear to be any rules, other than that Cuomo and other New York politicians will be beholden to whichever company puts the most money into their pockets.

So there's every reason to be believe that this anti-racing governor who keeps hoovering cash from casino companies will find a way to cut racing out of the equation, whether that means taking VLT revenue away from the track operator or from purses or from both. State Comptroller Thomas DiNapoli issued what was a scary threat back in August when releasing an audit of VLT-racino revenues. "We are unable to determine whether the millions of dollars that pay for increased purses (prize money), rather than for education, are having their intended effect," he wrote, referring to racing's failure to experience growth in the racino era.

When it comes to racing Cuomo continues to be slippery. In 2008, NYRA received a 25-year extension of its franchise after it agreed to end the dispute over who owned the land the tracks sit on, agreeing that it belonged to the state. That should have been an irrevocable deal, but Cuomo managed to undot the i's and uncross the t's when NYRA shortchanged bettors after failing to adjust takeout rates. He has successfully manipulated the situation so that the 25-year franchise extension can be made invalid and NYRA can be dissolved, its racing franchise put on the open market.

Fred Dicker, a writer for the *New York Post*, has been out in front on this story and is obviously Cuomo's go-to reporter when it comes to leaking stories about his plans for New York racing. Just the other day Dicker wrote: "State officials believe operators of such prestigious tracks as Churchill Downs, site of the Kentucky Derby, and Santa Anita Park, in Arcadia, Calif., as well as the managers of major entertainment destinations, will pay huge fees to run the three New York tracks."

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Huge fees? Huge fees to take over racetracks that have been losing money for a decade or more? To sign on to get involved with a governor who is constantly changing the rules and his plan? To pay for racetracks when you'll never own the land they sit on? To pony up to buy tracks who compete with government-run off-track betting companies? Huge fees to become part of the horse racing business? Something that isn't making anyone any money.

There's just too much risk involved in buying the New York racetracks and the potential reward is limited. It will be a buyers' market, that is if there are any buyers. **Feedback for publication? Email suefinley@thetdn.com**.