

Kean Pushes for Video Lottery Terminals at Meadowlands

By Senator Sean T. Kean

The horse racing industry in New Jersey is in serious trouble. The state is failing to do what needs to be done most and that is to establish a long term revenue source that keeps our horse racing locations competitive. In the face of mounting challenges from horse racing venues in neighboring states, we must retool our strategies to reverse the sport's declining fortunes.

The need to maintain New Jersey's horse racing industry cannot be understated. New Jersey horse racing employs 13,000 people, contributes \$1.1 billion a year to our state's economy and keeps 176,000 acres, or about one-fifth of the state's total acreage, in agriculture. "The Sport of Kings" is also an important part of New Jersey's culture and tradition. Monmouth Park showcases the oldest derby in the nation, the Jersey Derby, which was first run 11 years before the Kentucky Derby.

I have introduced a bill that would drastically improve the quality of racing in New Jersey. Senate bill 1481 would authorize video lottery terminals (VLT's) at the Meadowlands racetrack. Money generated from these machines would then be put into a "Horse Racing Special Fund" and used to bolster winning prizes for races in New Jersey's three horse betting locations of Monmouth Park, Freehold Raceway, and The Meadowlands.

The need for larger purses is evident as larger purses attract the top horses and horsemen in the country. The larger the purse, the better the quantity and quality of horses that run, the more bets that take place and in turn more revenue for the state.

Under my proposed legislation, VLT's would initially be permitted to operate at the Meadowlands, but not at Monmouth Park or Freehold Raceway because of their proximity to Atlantic City. The Meadowlands is over 120 miles away from Atlantic City, which is farther than two of the nearest racinos in Pennsylvania. This legislation is intended to make sure that the success of one industry in New Jersey does not come at the expense of another. However, there is a provision in the bill that would allow VLT's to be installed at Monmouth Park and Freehold Raceway if, at a later time, it is determined that they are needed.

In the past, the casino industry has supported the racing industry with subsidies. In exchange, the race tracks agreed not to pursue the installment of slot machines or VLT's.

Recently, Governor Corzine announced that the Atlantic Casino Industry and New Jersey's horse racing industry reached a new 3-year, \$90 million agreement. In his speech the Governor referred to the agreement as a "three-year lifeline to the horse racing industry." At face value this may seem like a fair trade; horse tracks get much needed funds, while the casinos prevent increased competition for slot players. However, a

lifeline can only last so long. New Jersey needs a long-term approach to preserve and expand horse racing. Senate bill 1481 provides that support.

States compete for gambling revenues, just like they do for most other forms of commerce. As such, more and more video lottery terminals and slot machines are being operated in the tri-state area. In 2004, lawmakers in Pennsylvania passed a bill that legalized up to 61,000 slot machines at seven race tracks, five slot casinos and two resorts. This gave Pennsylvania more commercial machines than any other state except Nevada. Revenues are expected to finance \$1 billion annually in property tax cuts. New Jersey is increasingly losing revenue that could be garnered in this state and applied to much needed property tax relief.

The use of slots and other games to enhance revenue at some out-of-state racetracks also puts New Jersey's racing industry at a growing competitive disadvantage. Additionally, without the casino industry to supplement racing purses, racing would probably not exist today in New Jersey.

Senate Bill 1481 would allow New Jersey horse racing to be competitive and self-sufficient. It would enhance state tax revenues, protect farmland and open space, and create jobs and investment. This legislation would ensure the future of an important industry.