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The main worry at Finger Lakes Race Track this month was getting its 1,010 video lottery terminals operational for its Feb. 11 opening. Now they potentially have another longer-term problem: competition. Faced with a court mandate to increase school funding and a \$5 billion revenue shortfall, Gov. George Pataki announced that the state should expand gambling for the second time in less than three years.

But his plan to create up to eight new casinos for the slot machine-like video lottery terminals is drawing concern from horse racing tracks that in 2001 were allowed by the state to install VLTs to help the sagging industry.

Pataki's proposal would need approval from the state Legislature, and many are railing against it over concerns about linking gambling revenue to public education funding. Michael Rebell, executive director of the Campaign for Fiscal Equity, said he doubts that unpredictable gambling revenue would satisfy the court order against the state.

"Personally, I'm not crazy about where it's coming from, but we need the money," said Rebell, whose group brought the suit.

The eight new gambling venues - which would include up to five in parts of New York City and be selected through a competitive bidding process - would join eight VLT casinos Pataki and the state Legislature authorized at horse racing tracks. None of the casinos at racetracks are open. The first, at a harness track in Saratoga, is scheduled to open Jan. 28, followed by Finger Lakes.

"I'm not convinced that's a good idea," Assemblyman Joseph Morelle, D-Irondequoit, said of the gambling expansion. "We basically are 2½ years behind the schedule of VLTs in the racetracks."

In the fiscal year that begins April 1, Pataki estimates VLTs would generate about \$325 million and at least \$1.5 billion or more in subsequent years. The revenue would be used exclusively to fund the cost of complying with the court order to overhaul the educational system and provide a greater share to poor urban schools.

"It's a less onerous way to raise revenue," said Sen. Joseph Robach, R-Greece. "However, I don't think you can balance running everything just on gaming. Hopefully, this strikes the right balance."

The gambling expansion could hurt the racetracks because the proposed legislation prohibits the facilities only within 15 miles of racetracks that already have VLTs.

Batavia Downs Race Track also plans a \$6.5 million "racino," as they are called. Western Regional Off Track Betting, which owns the track, plans to open the racino in July.

State Sen. Michael Nozzolio, R-Fayette, Seneca County, last year sought to have VLTs installed at OTB parlors - something OTB officials have been lobbying for again in recent weeks. But Nozzolio said the gambling expansion should be handled delicately so it doesn't hurt racetracks.

The big question is where the new facilities would be located. The legislation only loosely restricts where the video-lottery casinos could be put in New York City.

Other than that, the operators would be selected by the state Lottery division on the strength of the proposals. The legislation doesn't outline the size and scope of the casinos.

So there could be any number of places in Rochester where people may want to build a video-lottery casino, including downtown, said Thomas Mooney, chief executive of the Rochester Business Alliance.

Mooney said with the continued expansion of gambling, Rochester would lose money to other communities "if we don't try to aggressively stake out positions related to that field."

Rochester Mayor William A. Johnson Jr. said he regularly hears talk about putting a casino in Rochester, but he's opposed to gambling and is not convinced it's a windfall. The casino in Niagara Falls that opened a year ago has yet to produce major benefits for the rest of the struggling city, Johnson pointed out.

"I think it's a bad idea to talk about raising money for education through the expansion of gambling," Johnson said. "We have to find other ways to fund education."

Additionally, Pataki calls for a Quick Draw lottery game to be open around the clock and to remove restrictions on establishments where it can be offered.

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