

ASSEMBLY, No. 5587

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MAY 5, 2021

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

SYNOPSIS

Concerns matters related to operations and obligations of casino gaming properties and finances of Atlantic City.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/2/2021)

1 AN ACT concerning the operations and obligations of casino
2 gaming properties, and the finances of the municipality in which
3 they are located, amending P.L.1977, c.110, and amending and
4 supplementing P.L.2016, c.5.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. (New section) The Legislature finds and declares:

10 a. The “Casino Property Tax Stabilization Act,” P.L.2016, c.5
11 (C.52:27BBBB-18 et seq.), was enacted on May 27, 2016, to
12 address a dire financial circumstance that affected casino gaming
13 properties in Atlantic City, and the finances of the city itself.
14 Competition from other states in New Jersey’s region had siphoned
15 off many of the out-of-State and foreign gamblers who had
16 frequented the casino gaming properties in Atlantic City for many
17 years. The regional competition in casino gaming had a deleterious
18 effect on Atlantic City in several ways, including an increase in
19 unemployment due to the closing of four casino properties out of
20 the 12 that had been operating in the city; a strain on Atlantic City’s
21 municipal budget due to property tax refunds required by successful
22 assessment appeals of casino gaming properties in the years
23 immediately prior to the enactment of that law; and an increased
24 property tax burden on Atlantic City and Atlantic County residents
25 based on the decreasing value of the remaining casino gaming
26 properties.

27 b. The Legislature responded to this dire financial circumstance
28 by devising a 10-year payment in lieu of property tax (PILOT)
29 program that avoided costly assessment appeals for the operators of
30 casino gaming properties and Atlantic City, and that provided an
31 annual mandatory minimum property tax-related payment to
32 Atlantic City by the casino gaming properties, payments that
33 Atlantic City is able to rely upon each year to support its municipal
34 budget. This annual PILOT payment was first implemented in
35 calendar year 2017, and is to end at the end of calendar year 2026.
36 The operation of the PILOT agreement has stabilized the finances
37 of each individual casino gaming property as well as the finances of
38 Atlantic City.

39 c. The Legislature notes, with interest and approval, the
40 stabilizing effect that the PILOT agreement has had on the finances
41 of the Atlantic City and the casino gaming industry during the first
42 five years of the agreement. The Legislature also notes that two
43 additional casino gaming properties have opened in Atlantic City
44 since the enactment of the “Casino Property Tax Stabilization Act,”
45 P.L.2016, c.5 (C.52:27BBBB-18 et seq.), and that Atlantic City’s

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 overall financial condition is more stable since the casino gaming
2 properties began making PILOT payments. This financial stability
3 benefits the casinos, their employees, property taxpayers in Atlantic
4 City, and all New Jersey residents.

5 d. The Legislature finds that this financial stability achieved
6 between the casino gaming properties and Atlantic City may be
7 adversely impacted by the effect of an agreement related to the
8 “Casino Property Tax Stabilization Act,” P.L.2016, c.5
9 (C.52:27BBB-18 et seq.). As part of the agreement that led to the
10 enactment of that law, it was determined that each casino gaming
11 property would not pay more in the annual PILOT payments than it
12 paid in property taxes in 2015. This agreement was made in order
13 to incentivize the casino gaming properties to enter into the PILOT
14 agreement, which was critical to achieving financial stability for
15 both the casino gaming properties and ensuring Atlantic City’s
16 ability to anticipate the amount of PILOT funds they would receive
17 from the casino gaming properties. Separately, the investment
18 alternative tax (IAT) levied on the casinos, which had historically
19 funded the Casino Reinvestment Development Authority, was to be
20 paid instead to Atlantic City for the purposes of paying down the
21 city’s debt. The agreement, which was made a part of the “Casino
22 Property Tax Stabilization Act,” provided that if, in any year, a
23 casino gaming property’s PILOT payment exceeded its 2015
24 property tax bill, it would receive a “credit” against its IAT
25 obligation. This crediting mechanism only extends through
26 calendar year 2021, so beginning in calendar year 2022, current law
27 will require each casino operator in Atlantic City to pay their full
28 PILOT and IAT obligations.

29 e. The Legislature is concerned that, due to the State’s public
30 health emergency declared in response to the COVID-19 pandemic,
31 which negatively impacted tourism in Atlantic City by restricting
32 the public’s right to travel; closing casino gaming properties for
33 months on end and then allowing them to open only partially for
34 another extended period of time; and closing other businesses that
35 would have been visited by tourists to the city for months as well;
36 requiring each casino gaming property to make an annual PILOT
37 payment and also satisfy its full IAT obligations for calendar years
38 2022 through 2026 may create financial difficulties for those
39 gaming properties.

40 Similarly, the Legislature is also concerned with the impact on
41 the casino gaming properties in Atlantic City of the total amount of
42 the PILOT payments currently owed by those casino gaming
43 properties, as well as the current manner of determining each
44 individual casino gaming property’s PILOT payment responsibility,
45 due to all of the issues experienced in Atlantic City resulting from
46 the public health emergency. The Legislature is concerned that the
47 impact of all of the public health emergency limitations on Atlantic
48 City’s casino gaming properties will affect the finances of those

1 casinos for the foreseeable future, and thereby impact their ability
2 to pay the required PILOT payments to the city and impact their
3 ability to contribute to the quality of life of the State's senior and
4 disabled residents who rely on casino revenue deposited into the
5 Casino Revenue Fund to fund programs that reduce property taxes
6 as well as utility assistance programs benefiting those residents.

7 f. Therefore, the Legislature declares that it is a compelling
8 public purpose for the State to establish appropriate alternative
9 obligations for the final five years of the initially agreed to 10-year
10 PILOT agreement in order to: (1) adjust policies to reflect the
11 operations of existing casino gaming properties and to compensate
12 for the impacts that the public health emergency, declared in
13 response to the COVID-19 pandemic, has had and will continue to
14 have on in-person and internet gaming, (2) lessen the financial
15 impact of the end of the IAT crediting mechanism at the end of
16 2021 on the casino gaming properties, and (3) to ensure that
17 Atlantic City continues to receive sufficient PILOT payments to
18 fund its municipal budget. The Legislature further declares that
19 such an alternative is in the best interest of the casino gaming
20 industry which serves as a vital part of the economy of the State, in
21 the best interests of Atlantic City, and in the best interests of the
22 State's senior and disabled residents who rely on casino revenue
23 deposited into the Casino Revenue Fund to fund programs that
24 reduce property taxes as well as rentals, telephone, gas, electric, and
25 utility charges for those populations. The Legislature further
26 declares that it is in the best interests of the casino gaming industry
27 to revise the calculation of the PILOT payment each casino is
28 required to pay under the "Casino Property Tax Stabilization Act,"
29 P.L.2016, c.5 (C.52:27BBBB-18 et seq.) in order to lessen the
30 impact of these payments on the casino's finances during and after
31 the public health emergency declared in response to the COVID-19
32 pandemic.

33 g. As the Legislature is empowered by the provisions of Article
34 VIII, Section I, paragraph 2 of the New Jersey Constitution to grant
35 property tax exemptions by general law, and the Legislature
36 exercised this authority in 2016 through enacting the "Casino
37 Property Tax Stabilization Act," P.L.2016, c.5 (C.52:27BBBB-18 et
38 seq.) to create the 10-year PILOT program that began in 2017, the
39 Legislature also has the authority, by law, to revise that PILOT
40 program to thereby address the impact of the expiration of the IAT
41 credit and its effects on the casino gaming industry in the State, as
42 well as the amount, and calculation, of the PILOT payments
43 required to be paid to Atlantic City by the casino gaming properties
44 in Atlantic City.

45 h. The Legislature has also determined to address in this act
46 other matters related to the continued successful operation of New
47 Jersey's casino gaming properties by ensuring: (1) that the casino
48 gaming properties dedicate sufficient sources of revenue to provide

1 for necessary capital improvements, and (2) that the City of Atlantic
2 City also has adequate funds available to it for capital
3 improvements and other needed quality of life expenditures.

4
5 2. Section 84 of P.L.1977, c.110 (C.5:12-84) is amended to read
6 as follows:

7 84. Casino License--Applicant Requirements. Any applicant for
8 a casino license must produce information, documentation and
9 assurances concerning the following qualification criteria:

10 a. Each applicant shall produce such information,
11 documentation and assurances concerning financial background and
12 resources as may be required to establish by clear and convincing
13 evidence the financial stability, integrity and responsibility of the
14 applicant, including but not limited to bank references, business and
15 personal income and disbursement schedules, tax returns and other
16 reports filed with governmental agencies, and business and personal
17 accounting and check records and ledgers. In addition, each
18 applicant shall, in writing, authorize the examination of all bank
19 accounts and records as may be deemed necessary by the
20 commission or the division. The commission or the division may
21 consider any relevant evidence of financial stability; provided,
22 however, it is presumed that a casino licensee or applicant is
23 financially stable if it establishes by clear and convincing evidence
24 that it meets each of the following standards:

25 (1) The ability to assure the financial integrity of casino
26 operations by the maintenance of a casino bankroll or equivalent
27 provisions adequate to pay winning wagers to casino patrons when
28 due. A casino licensee or applicant shall be presumed to have met
29 this standard if it maintains, on a daily basis, a casino bankroll, or a
30 casino bankroll and equivalent provisions, in an amount which is at
31 least equal to the average daily minimum casino bankroll or
32 equivalent provisions, calculated on a monthly basis, for the
33 corresponding month in the previous year. For any casino licensee
34 or applicant which has been in operation for less than a year, such
35 amount shall be determined by the division based upon levels
36 maintained by a comparable casino licensee;

37 (2) The ability to meet ongoing operating expenses which are
38 essential to the maintenance of continuous and stable casino
39 operations. A casino licensee or applicant shall be presumed to have
40 met this standard if it demonstrates the ability to achieve positive
41 gross operating profit, measured on an annual basis;

42 (3) The ability to pay, as and when due, all local, state and
43 federal taxes, including the tax on gross revenues imposed by
44 subsection a. of section 144 of P.L.1977, c.110 (C.5:12-144), the
45 investment alternative tax obligations imposed by subsection b. of
46 section 144 of P.L.1977, c.110 (C.5:12-144) and section 3 of
47 P.L.1984, c.218 (C.5:12-144.1), the payment in lieu of property
48 taxes imposed by P.L.2016, c.5 (C.52:27BBBB-18 et al.), and any

1 fees imposed by the act or the regulations promulgated pursuant
2 thereto;

3 (4) The ability to make necessary capital **【and maintenance】**
4 expenditures in a timely manner which are adequate to ensure
5 **【maintenance of】** a superior, first-class facility of exceptional
6 quality pursuant to subsection i. of section 83 of P.L.1977, c.110
7 (C.5:12-83). A casino licensee or applicant shall be presumed to
8 have met this standard if it demonstrates that its capital **【and**
9 **maintenance】** expenditures, over the **【five-year period which**
10 **includes the three most recent calendar years and the upcoming**
11 **two】** immediately preceding five calendar years, average at least
12 five percent of net revenue **【per annum】**, except that any casino
13 licensee or applicant which has been in operation for less than
14 **【three】** five years shall be required to otherwise establish
15 compliance with this standard to the division; and

16 (5) The ability to pay, exchange, refinance or extend debts,
17 including long-term and short-term principal and interest and
18 capital lease obligations, which will mature or otherwise come due
19 and payable during the license term, or to otherwise manage such
20 debts and any default with respect to such debts. The division also
21 may require that a casino licensee or applicant advise as to its plans
22 to meet this standard with respect to any material debts coming due
23 and payable within 12 months after the end of the license term.

24 b. (Deleted by amendment, P.L.2011, c.19)

25 c. Each applicant shall produce such information,
26 documentation and assurances as may be required to establish by
27 clear and convincing evidence the applicant's good character,
28 honesty and integrity. Such information shall include, without
29 limitation, information pertaining to family, habits, character,
30 reputation, criminal and arrest record, business activities, financial
31 affairs, and business, professional and personal associates, covering
32 at least the 10-year period immediately preceding the filing of the
33 application. Each applicant shall notify the commission and division
34 of any civil judgments obtained against any such applicant
35 pertaining to antitrust or security regulation laws of the federal
36 government, of this State or of any other state, jurisdiction,
37 province or country. In addition, each applicant shall produce letters
38 of reference from law enforcement agencies having jurisdiction in
39 the applicant's place of residence and principal place of business,
40 which letters of reference shall indicate that such law enforcement
41 agencies do not have any pertinent information concerning the
42 applicant, or if such law enforcement agency does have information
43 pertaining to the applicant, shall specify what the information is. If
44 the applicant has conducted gaming operations in a jurisdiction
45 which permits such activity, the applicant shall produce letters of
46 reference from the gaming or casino enforcement or control agency
47 which shall specify the experiences of such agency with the

1 applicant, his associates, and his gaming operation; provided,
2 however, that if no such letters are received within 60 days of
3 request therefor, the applicant may submit a statement under oath
4 that he is or was during the period such activities were conducted in
5 good standing with such gaming or casino enforcement or control
6 agency.

7 d. Each applicant shall produce such information,
8 documentation and assurances as may be required to establish by
9 clear and convincing evidence that the applicant has sufficient
10 business ability and casino experience as to establish the likelihood
11 of creation and maintenance of a successful, efficient casino
12 operation. The applicant shall produce the names of all proposed
13 casino key employees as they become known and a description of
14 their respective or proposed responsibilities.

15 e. Each applicant shall produce such information,
16 documentation and assurances to establish the suitability of the
17 casino and related facilities subject to subsection i. of section 83 of
18 P.L.1977, c.110 (C.5:12-83) and that its proposed location will not
19 adversely affect casino operations. Each applicant shall submit to
20 the division an impact statement which shall include, without
21 limitation, architectural and site plans which establish that the
22 proposed facilities comply in all respects with the requirements of
23 this act and the requirements of the master plan and zoning and
24 planning ordinances of Atlantic City, without any use variance from
25 the provisions thereof; a market impact study which analyzes the
26 adequacy of the patron market and the effect of the proposal on
27 such market and on the existing casino facilities licensed under this
28 act; and an analysis of the effect of the proposal on the overall
29 economic and competitive conditions of Atlantic City and the State
30 of New Jersey.

31 f. For the purposes of this section, each applicant shall be
32 responsible for the submission to the division of the name, address,
33 fingerprints and written consent for a criminal history record
34 background check to be performed for each person who must
35 individually qualify in conjunction with the casino license
36 application. The division is hereby authorized to exchange
37 fingerprint data with and receive criminal history record
38 information from the State Bureau of Identification in the Division
39 of State Police and the Federal Bureau of Investigation consistent
40 with applicable State and federal laws, rules and regulations. The
41 applicant shall bear the cost for the criminal history record
42 background check, including all costs of administering and
43 processing the check. The Division of State Police shall promptly
44 notify the division in the event a current or prospective licensee,
45 who was the subject of a criminal history record background check
46 pursuant to this section, is arrested for a crime or offense in this
47 State after the date the background check was performed.

48 (cf: P.L.2011, c.19, s.48)

1 3. Section 3 of P.L.2016, c.5 (C.52:27BBBB-20) is amended to
2 read as follows:

3 3. a. As used in P.L.2016, c.5 (C.52:27BBBB-18 et al.):

4 "Atlantic City" means the City of Atlantic City, in Atlantic
5 County;

6 "Base amount" means, for calendar years 2018 through 2021, the
7 amount of the payment in lieu of taxes as determined by
8 subparagraph (d) of paragraph (3) of subsection c. of this section;
9 and for calendar years 2022 through 2026, the amount of the
10 payment in lieu of taxes as determined by subparagraphs (e)
11 through (h) of paragraph (3) of subsection c. of this section;

12 "Casino gaming property" means one or more parcels of real
13 property located in Atlantic City, and any adjacent property utilized
14 in connection with such property, upon which there is located a
15 facility licensed to be used for casino gaming in 2014 or thereafter,
16 whether or not in actual operation, which has more than 500 guest
17 hotel rooms, and is not subject to recorded covenants prohibiting
18 casino gaming;

19 "Clean and Safe Fund" means the Clean and Safe fund
20 established pursuant to section 7 of P.L. , c. (C.)
21 (pending before the Legislature as this bill);

22 "Division" means the Division of Gaming Enforcement in the
23 Department of Law and Public Safety;

24 "Gross gaming revenue" (GGR) means the total amount of
25 revenue raised through casino gaming, including revenue from
26 sports pool operations, from all of the casino gaming properties
27 located in Atlantic City as determined by the division for calendar
28 years 2014 through 2020. Gross gaming revenue shall not include
29 revenue derived from Internet casino gaming and Internet sports
30 wagering during calendar years 2021 through 2025 as determined
31 by the division;

32 "Infrastructure Fund" means the Infrastructure Fund established
33 pursuant to section 8 of P.L. , c. (C.) (pending before the
34 Legislature as this bill);

35 "Local Finance Board" means the Local Finance Board in the
36 Division of Local Government Services in the Department of
37 Community Affairs; and

38 "Treasury" means the Department of the Treasury.

39 b. Beginning with calendar year 2017, and for the next
40 succeeding nine calendar years, casino gaming properties located in
41 Atlantic City shall be exempt from local property taxation on real
42 property and improvements, including accessory hotels, conference
43 centers, parking garages, and other appurtenant facilities, except
44 that any new improvement developed on a casino gaming property
45 that is made outside of the perimeter footprint of any improvement
46 existing as of the effective date of this act and any real property, not
47 formerly qualified as casino gaming property, acquired after such
48 date by an owner of casino gaming property shall not be exempt

1 from local property taxation in any calendar year and shall be
2 subject to local property taxation annually at Atlantic City's general
3 property tax rate. The provisions of this section shall not apply to
4 any casino property that operates under a small scale casino facility
5 license or a staged casino facility license pursuant to section 1 of
6 P.L.2010, c.115 (C.5:12-80.1).

7 c. (1) In exchange for the property tax exemption granted in
8 subsection b. of this section, each owner of each casino gaming
9 property shall sign a 10-year financial agreement with Atlantic City
10 for each casino gaming property based upon the provisions of
11 P.L.2016, c.5 (C.52:27BBBB-18 et al.) for calendar years 2017
12 through 2021, and continued as modified by the amendatory and
13 supplemental provisions of P.L. , c. (C.) (pending
14 before the Legislature as this bill) for calendar years 2022 through
15 2026, promising to make quarterly payments to the city of its
16 allocated portion of the annual amount of the payment in lieu of
17 taxes as determined by this section. The continuation of the
18 agreement for calendar years 2022 through 2026 is also provided in
19 exchange for the prescribed uses of excess amounts of a casino
20 gaming property's investment alternative tax, as described in
21 subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25). The
22 owner of each casino gaming property shall be responsible for the
23 payments allocated to that property and shall be subject to the lien
24 provisions of R.S.54:5-6 and the interest for delinquency provisions
25 of R.S.54:4-67 if those payments are not made.

26 (2) Any new owner of a casino gaming property following the
27 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.) shall
28 immediately become responsible for signing **[a]** the financial
29 agreement with Atlantic City promising to make payments
30 consistent with this section.

31 (3) (a) The total amount of the payment in lieu of property taxes
32 owed to Atlantic City for calendar year 2017 shall be \$120 million.
33 To the extent that any owner of a casino gaming property has paid
34 property taxes for calendar year 2017 prior to the date P.L.2016, c.5
35 (C.52:27BBBB-18 et al.) becomes operative, the amount of
36 property taxes so paid shall be credited toward that owner's
37 allocated share of the \$120 million total payment in lieu of property
38 taxes.

39 (b) For calendar **[year]** years 2018 **[and for each calendar year**
40 **thereafter]**, 2019, 2020, and 2021, the amount of the payment in
41 lieu of property taxes owed to Atlantic City shall increase by two
42 percent per year in every year in which there is no upward
43 adjustment to the base amount of the payment in lieu of taxes from
44 the previous calendar year as determined by subparagraph (d) of
45 this paragraph.

46 (c) For calendar **[year]** years 2018 **[and for each calendar year**
47 **thereafter]**, 2019, 2020, and 2021, the total amount of the payment

1 in lieu of property taxes owed to Atlantic City shall be the base
2 amount as determined by subparagraph (d) of this paragraph and the
3 total amount of the annual increases to date as determined by
4 subparagraph (b) of this paragraph.

5 (d) For calendar **[year]** years 2018 **[and for each calendar year**
6 **thereafter]**, 2019, 2020, and 2021, the base amount of the payment
7 in lieu of taxes shall be determined as follows:

8 If the amount of the GGR in the preceding calendar year is
9 between \$3.4 billion and \$3.8 billion, the base amount shall be \$165
10 million, or in the case of an upward adjustment, \$15 million more
11 than the PILOT in the previous year, whichever is greater;

12 If the amount of the GGR in the preceding calendar year is
13 between \$3.0 billion and \$3.4 billion, the base amount shall be \$150
14 million, or in the case of an upward adjustment, \$20 million more
15 than the PILOT in the previous year, whichever is greater;

16 If the amount of the GGR in the preceding calendar year is
17 between \$2.6 billion and \$3.0 billion, the base amount shall be \$130
18 million, or in the case of an upward adjustment, \$10 million more
19 than the PILOT in the previous year, whichever is greater;

20 If the amount of the GGR in the preceding calendar year is
21 between \$2.2 billion and \$2.6 billion, the base amount shall be \$120
22 million, or in the case of an upward adjustment, \$10 million more
23 than the PILOT in the previous year, whichever is greater;

24 If the amount of the GGR in the preceding calendar year is
25 between \$1.8 billion and \$2.2 billion and the aggregate gross
26 revenues from all of the casino gaming properties located in
27 Atlantic City from all revenue streams, excluding GGR, have not
28 increased compared to the prior calendar year by more than the
29 amount by which GGR is less than \$2.2 billion, as determined by
30 the division, the base amount shall be \$110 million, or in the case of
31 an upward adjustment, \$20 million more than the PILOT in the
32 previous year, whichever is greater;

33 If the amount of the GGR in the preceding calendar year is \$1.8
34 billion or less and the aggregate gross revenue from all of the casino
35 gaming properties located in Atlantic City from all revenue streams,
36 excluding GGR have not increased compared to the prior calendar
37 year by more than the amount by which GGR is less than \$1.8
38 billion as determined by the division, the base amount shall be \$90
39 million.

40 (e) The total amount of the payment in lieu of property taxes
41 owed to Atlantic City for calendar year 2022 shall be \$125 million.

42 (f) For calendar years 2023, 2024, 2025, and 2026, in any
43 calendar year in which there is not an upward or a downward
44 adjustment to the base amount of the payment in lieu of property
45 taxes owed to Atlantic City pursuant to subparagraph (h) of this
46 paragraph, the total amount of the payment in lieu of property taxes
47 owed to Atlantic City for the calendar year shall increase by two
48 percent from the preceding year.

1 (g) For calendar years 2023, 2024, 2025, and 2026, the total
2 amount of the payment in lieu of property taxes owed to Atlantic
3 City shall be the base amount as determined by subparagraph (h) of
4 this paragraph and the total amount of the annual increases to date
5 as determined by subparagraph (f) of this paragraph.

6 (h) For calendar years 2023, 2024, 2025, and 2026, the base
7 amount of the payment in lieu of taxes (PILOT) shall be determined
8 as follows:

9 If the amount of the GGR in the preceding calendar year is less
10 than \$2.3 billion, the base amount shall be \$115 million, or in the
11 case of a downward adjustment, \$10 million less than the PILOT in
12 the previous year, whichever amount is greater;

13 If the amount of the GGR in the preceding calendar year is
14 between \$2.3 billion and \$2.9 billion, the base amount shall be \$125
15 million, or in the case of an upward adjustment, \$10 million more
16 than the PILOT in the previous year and in the case of a downward
17 adjustment, \$10 million less than the PILOT in the previous year,
18 whichever amount is greater; and

19 If the amount of the GGR in the preceding calendar year is
20 greater than \$2.9 billion, the base amount shall be \$135 million, or
21 in the case of an upward adjustment, \$10 million more than the
22 PILOT in the previous year, whichever amount is greater.

23 (4) **【The】** (a) For calendar years prior to 2022, the amount of
24 the payment in lieu of property taxes owed pursuant to this
25 subsection shall be calculated annually each calendar year for each
26 casino gaming property using a formula implemented by the Local
27 Finance Board, in consultation with the division, using the
28 following criteria:

29 The geographic footprint of the real property, expressed in acres,
30 owned by each casino gaming property;

31 The number of hotel guest rooms in each casino gaming
32 property; and

33 The gross gaming revenue of the casino in each casino gaming
34 property from the prior calendar year.

35 Each of these three criteria shall bear equal weight in the formula
36 implemented by the Local Finance Board, in consultation with the
37 division, pursuant to this paragraph, provided that during calendar
38 years 2017, 2018, 2019, 2020, and 2021, if the formula results in
39 any individual casino gaming property being allocated an amount
40 that is in excess of the total real property taxes due and payable by
41 the casino gaming property in calendar year 2015, then that casino
42 gaming property shall receive a credit against the obligation of the
43 operator of that property under paragraph (2) of subsection a. of
44 section 3 of P.L.1984, c.218 (C.5:12-144.1) in the amount of such
45 excess. If, after that credit against the obligation of the operator of
46 that property under paragraph (2) of subsection a. of section 3 of
47 P.L.1984, c.218 (C.5:12-144.1), that casino gaming property would
48 still be liable for a payment in lieu of property taxes in excess of the

1 total real property taxes due and payable by the casino gaming
2 property in calendar year 2015, the casino gaming property shall not
3 be required to make any additional payment in lieu of property tax
4 payment. Instead, any additional amount that would have been
5 owed by that casino gaming property shall be added, by
6 proportional share, to the payment in lieu of property taxes to be
7 paid by every other casino gaming property in order to provide
8 Atlantic City the total amount of the payment in lieu of property
9 taxes due and owing for that calendar year, provided that no
10 individual casino gaming property shall be allocated an amount that
11 is less than the total real property taxes due and payable by the
12 casino gaming property in calendar year 2015.

13 (b) Beginning in calendar year 2022, the amount of the payment
14 in lieu of property taxes owed pursuant to this subsection shall be
15 calculated annually each calendar year for each casino gaming
16 property using a formula implemented by the Local Finance Board,
17 in consultation with the division, based on each casino gaming
18 property's pro rata share of the total real property taxes due and
19 payable by all casino gaming properties in calendar year 2015.

20 d. When a new casino gaming property is added or when an
21 existing casino gaming property no longer qualifies as a casino
22 gaming property as defined in subsection a. of this section, Atlantic
23 City's financial agreement with each owner of each casino gaming
24 property shall be amended to reflect the change and the allocation
25 of the payment in lieu of property taxes between the casino gaming
26 properties pursuant to paragraph (4) of subsection c. of this section.
27 If a new casino gaming property becomes subject to the provisions
28 of this subsection, then the total amount of the payment in lieu of
29 property taxes owed to Atlantic City pursuant to subparagraphs (e)
30 through (h) of paragraph (3) of subsection c. of this section shall be
31 increased in the calendar year next following the year in which the
32 new casino gaming property becomes subject to the provisions of
33 this section by the amount of property taxes that would have been
34 assessed to such casino gaming property had such casino gaming
35 property not become subject to the provisions of this section. A
36 new casino gaming property shall pay its regular and conventional
37 tax obligation as billed for the remainder of the calendar year in
38 which it first qualifies as a casino gaming property. If an existing
39 casino gaming property ceases to qualify as a casino gaming
40 property, then the total amount of the payment in lieu of property
41 taxes owed to Atlantic City pursuant to subparagraphs (e) through
42 (h) of paragraph (3) of subsection c. of this section shall be
43 decreased in the calendar year following the year in which the
44 existing casino gaming property ceases to qualify as a casino
45 gaming property by the payment in lieu of property taxes allocated
46 to such casino gaming property pursuant to paragraph (4) of
47 subsection c. of this section in the year in which such casino
48 gaming property ceases to qualify as a casino gaming property.

1 Any decrease to the total amount of the payment in lieu of taxes
2 owed to Atlantic City precipitated by a casino gaming property no
3 longer qualifying as a casino gaming property shall not take effect
4 until the calendar year following the calendar year in which such
5 casino gaming property ceases to qualify as a casino gaming
6 property.

7 The total payment in lieu of property taxes owed pursuant to this
8 subsection shall be adjusted in each subsequent calendar year to
9 reflect the addition of new casino gaming properties or when any
10 existing casino gaming properties no longer qualify as casino
11 gaming properties.

12 e. The provisions of R.S.54:5-6 shall apply to any amount
13 required to be paid under this section, and the municipality shall
14 have the same rights against any casino gaming property for such
15 unpaid amounts relating to that property as if such amounts were
16 unpaid property taxes.

17 (cf: P.L.2018, c.33, s.14)

18
19 4. Section 4 of P.L.2016, c.5 (C.52:27BBBB-21) is amended to
20 read as follows:

21 4. a. In addition to the amounts required to be remitted under
22 section 3 of P.L.2016, c.5 (C.52:27BBBB-20), the owner of each
23 casino gaming property shall make a separate payment to the State
24 **【for calendar years 2015, 2016, 2017, 2018, 2019, 2020, 2021,**
25 **2022, and 2023, where the aggregate amount of these payments**
26 **paid by the casino gaming properties shall】** equal to the following:
27 (1) \$30,000,000 for calendar year 2015; (2) \$30,000,000 for
28 calendar year 2016; (3) \$15,000,000 for calendar year 2017; (4)
29 \$10,000,000 for calendar year 2018; (5) \$5,000,000 for calendar
30 year 2019; (6) \$5,000,000 for calendar year 2020; (7) \$5,000,000
31 for calendar year 2021; and (8) \$5,000,000 **【for calendar year 2022;**
32 **and (9) \$5,000,000】** per year for calendar **【year 2023】** years 2022
33 through 2026.

34 b. The Local Finance Board, in consultation with the division,
35 shall determine the amount owed for each casino gaming property
36 based on the proportion of gross gaming revenue of the casino in
37 casino gaming property in the prior year. The owner of each casino
38 gaming property where a casino is operated during the year in
39 which the payments required by this section are due shall remit its
40 payment to the State. The Local Finance Board shall provide the
41 owner of each casino gaming property required to make a payment
42 under this section with written notice of the amount of the payment
43 for each casino gaming property, and instructions for how each
44 payment shall be made. Each owner of a casino gaming property
45 required to make a payment under this section shall remit its
46 payment within five business days of receipt of the written notice
47 from the Local Finance Board.

1 c. The funds comprised of the payments collected under this
2 section shall be remitted from the State to Atlantic City, which, for
3 purposes of preparing annual budgets pursuant to the "Local Budget
4 Law," N.J.S.40A:4-1 et seq., must be applied to the Atlantic City
5 budget for the calendar year for which funds are provided as
6 identified in subsection a. of this section and to no other Atlantic
7 City calendar year budget.

8 (cf: P.L.2016, c.5, s.4)

9
10 5. Section 5 of P.L.2016, c.5 (C.52:27BBBB-22) is amended to
11 read as follows:

12 5. a. Annually, beginning in calendar year 2017 and ending on
13 December 31, 2026, a portion of the payment in lieu of property tax
14 moneys collected pursuant to section 3 of P.L.2016, c.5
15 (C.52:27BBBB-20) shall be remitted to the county and the school
16 district for their own purposes. **【**These moneys shall be remitted to
17 the county and to the school district in the same manner as property
18 taxes are paid to counties and school districts pursuant to R.S.54:4-
19 74, R.S.54:4-75, and R.S.54:4-76, except that the Local Finance
20 Board may, in its discretion, apportion a specific percentage of the
21 payment in lieu of property tax moneys to be remitted to the
22 county.**】**

23 b. Notwithstanding the provisions of any other law to the
24 contrary, for calendar years 2022, 2023, 2024, 2025, and 2026, a
25 portion of the funds collected by Atlantic City from the payment in
26 lieu of property taxes pursuant to section 3 of P.L.2016, c.5
27 (C.52:27BBBB-20), shall be allocated as follows:

28 in calendar years 2022, 2023 and 2024, 13.5 percent, and in
29 calendar years 2025 and 2026, 12 percent, of the amount collected
30 by Atlantic City from the payment in lieu of property taxes pursuant
31 to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) shall be allocated
32 to Atlantic County.

33 c. Notwithstanding the provisions of any other law to the
34 contrary, for each of the calendar years 2022, 2023, 2024, 2025, and
35 2026, the portion of the payment in lieu of property taxes collected
36 pursuant to section 3 of P.L.2016, c.5 (C.52:27BBBB-20) that is
37 allocated to the Atlantic City School District shall increase by two
38 percent from the preceding year.

39 (cf: P.L.2016, c.5, s.5)

40
41 6. Section 9 of P.L.2016, c.5 (C.52:27BBBB-25) is amended to
42 read as follows:

43 9. a. Notwithstanding the provisions of section 3 of P.L.1984,
44 c.218 (C.5:12-144.1) or any other law to the contrary, including
45 subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for
46 calendar years 2018, 2019, 2020, and 2021, the moneys received
47 after the effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.),
48 by the State Treasurer derived from the payment of the investment

1 alternative tax in the amount specified in paragraph (2) of
2 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the
3 investment alternative in the amount as specified in section 17 of
4 P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof
5 pledged for the payment of bonds issued by the Casino
6 Reinvestment Development Authority or otherwise contractually
7 obligated by the authority prior to the effective date of P.L.2016,
8 c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such
9 bonds, shall be allocated to Atlantic City for the purposes of paying
10 debt service on bonds issued by Atlantic City prior to and after the
11 effective date of P.L.2016, c.5 (C.52:27BBBB-18 et al.).

12 b. Notwithstanding the provisions of section 3 of P.L.1984,
13 c.218 (C.5:12-144.1) or any other law to the contrary, including
14 subsection k. of section 5 of P.L.2011, c.18 (C.5:12-219), for each
15 calendar year from 2022 through 2026, of the moneys received by
16 the State Treasurer derived from the payment of the investment
17 alternative tax in the amount specified in paragraph (2) of
18 subsection a. of section 3 of P.L.1984, c.218 (C.5:12-144.1) and the
19 investment alternative in the amount as specified in section 17 of
20 P.L.2013, c.27 (C.5:12-95.19), except for any amount thereof
21 pledged for the payment of bonds issued by the Casino
22 Reinvestment Development Authority or otherwise contractually
23 obligated by the authority prior to the effective date of P.L.2016,
24 c.5 (C.52:27BBBB-18 et al.), or any bonds issued to refund such
25 bonds, shall be allocated first to Atlantic City for the purposes of
26 paying debt service during each such calendar year on bonds issued
27 by Atlantic City prior to and after the effective date of P.L.2016, c.5
28 (C.52:27BBBB-18 et al.). In the event that the moneys received by
29 the State Treasurer from the payment of the investment alternative
30 tax, in the amounts identified in this section, exceed the debt service
31 on bonds issued by Atlantic City prior to and after the effective date
32 of P.L.2016, c.5 (C.52:27BBBB-18 et al.) in any year, then the
33 amount in excess of the debt service shall be allocated as follows:

34 (1) for calendar year 2022, such residual moneys shall be
35 allocated equally to the Casino Reinvestment Development
36 Authority, the Clean and Safe Fund established pursuant to section
37 7 of P.L. , c. (C.) (pending before the Legislature as this
38 bill), and the Infrastructure Fund established pursuant to section 8
39 of P.L. , c. (C.) (pending before the Legislature as this bill);

40 (2) for calendar year 2023, 30 percent of such residual moneys
41 shall be allocated to the Casino Reinvestment Development
42 Authority, 30 percent of such residual moneys shall be allocated to
43 the Clean and Safe Fund, 30 percent of such residual moneys shall
44 be allocated to the Infrastructure Fund, and 10 percent of such
45 residual moneys shall be allocated for use by Atlantic City for
46 general municipal purposes;

47 (3) for calendar year 2024, 25 percent of such residual moneys
48 shall be allocated to the Casino Reinvestment Development

1 Authority, 22.5 percent of such residual moneys shall be allocated
2 to the Clean and Safe Fund, 22.5 percent of such residual moneys
3 shall be allocated to the Infrastructure Fund, and 30 percent of such
4 residual moneys shall be allocated for use by Atlantic City for
5 general municipal purposes;

6 (4) for calendar year 2025, 20 percent of such residual moneys
7 shall be allocated to the Casino Reinvestment Development
8 Authority, 22.5 percent of such residual moneys shall be allocated
9 to the Clean and Safe Fund, 22.5 percent of such residual moneys
10 shall be allocated to the Infrastructure Fund, and 35 percent of such
11 residual moneys shall be allocated for use by Atlantic City for
12 general municipal purposes; and

13 (5) for calendar year 2026, 20 percent of such residual moneys
14 shall be allocated to the Casino Reinvestment Development
15 Authority, 20 percent of such residual moneys shall be allocated to
16 the Clean and Safe Fund, 20 percent of such residual moneys shall
17 be allocated to the Infrastructure Fund, and 40 percent of such
18 residual moneys shall be allocated for use by Atlantic City for
19 general municipal purposes.

20 c. The provisions of this section shall expire on December 31,
21 2026.

22 (cf: P.L.2016, c.5, s.9)

23
24 7. (New section) a. There is established the Clean and Safe
25 Fund to be held by the State Treasurer, which shall be the
26 repository for all moneys required to be deposited therein under
27 subsection b. of section 9 of P.L.2016, c.5 (C.52:27BBBB-25) and
28 any moneys appropriated annually to the fund. The State Treasurer
29 may invest and reinvest any moneys in the fund, or any portion
30 thereof, in legal obligations of the United States or of the State or of
31 any political subdivision thereof. Any income from, interest on, or
32 increment to moneys so invested or reinvested shall be included in
33 the fund.

34 b. Moneys in the fund shall be expended by Atlantic City, or
35 another governmental entity working on behalf of Atlantic City, to
36 pay for capital public safety expenses, streetscape improvements,
37 plantings, roadway median improvements, shade trees,
38 beautification, wayfinding, lighting, cleaning equipment, waste
39 receptacles, sidewalk repair, and related maintenance. The
40 governing body of Atlantic City may fund a project authorized
41 under this subsection with moneys deposited in the Clean and Safe
42 Fund subject to approval of the Director of the Division of Local
43 Government Services in the Department of Community Affairs.

44 c. If Atlantic City is no longer deemed a municipality in need
45 of stabilization and recovery, as defined in section 3 of P.L.2016,
46 c.4 (C.52:27BBBB-3), then Atlantic City shall receive any money
47 in the Clean and Safe Fund and any future dedication to the Clean
48 and Safe Fund pursuant to subsection b. of section 9 of P.L.2016,

1 c.5 (C.52:27BBBB-25) subject to a memorandum of understanding
2 executed with the State Treasurer that restricts the use of such
3 moneys to the purposes authorized under subsection b. of this
4 section.

5
6 8. (New section) a. There is established the Infrastructure Fund
7 to be held by the State Treasurer, which shall be the repository for
8 all moneys required to be deposited therein under subsection b. of
9 section 9 of P.L.2016, c.5 (C.52:27BBBB-25) and any moneys
10 appropriated annually to the fund. The State Treasurer may invest
11 and reinvest any moneys in the fund, or any portion thereof, in legal
12 obligations of the United States or of the State or of any political
13 subdivision thereof. Any income from, interest on, or increment to
14 moneys so invested or reinvested shall be included in the fund.

15 b. Moneys in the fund shall be expended by Atlantic City to pay
16 for any work that may be undertaken as a local improvement
17 pursuant to R.S.40:56-1. The governing body of Atlantic City may
18 fund a local improvement with moneys deposited in the
19 Infrastructure Fund subject to approval of the Commissioner of
20 Community Affairs, in consultation with the Casino Reinvestment
21 Development Authority and other State agencies, as appropriate.

22 c. If Atlantic City is no longer deemed a municipality in need
23 of stabilization and recovery, as defined in section 3 of P.L.2016,
24 c.4 (C.52:27BBBB-3), then Atlantic City shall receive any money
25 in the Infrastructure Fund and any future dedication to the
26 Infrastructure Fund pursuant to subsection b. of section 9 of
27 P.L.2016, c.5 (C.52:27BBBB-25) subject to a memorandum of
28 understanding executed with the State Treasurer that restricts the
29 use of such moneys to works that may be undertaken as a local
30 improvement pursuant to R.S.40:56-1.

31
32 9. This act shall take effect immediately.

33 34 35 STATEMENT

36
37 This bill concerns the State's casino gaming industry, and revises
38 and supplements existing law relating to requirements for a casino
39 license, and the casino gaming industry's financial responsibility to
40 Atlantic City, Atlantic County, and the Atlantic City School
41 District, which are all affected by, and dependent on, the success of
42 the casino gaming industry.

43 Section 2 of the bill amends the "Casino Control Act," P.L. 1977,
44 c. 110 (C. 5:12-1 et seq.) with respect to financial requirements
45 required to be met by an applicant for a casino license. Current law
46 requires that an applicant demonstrate the ability to make necessary
47 capital and maintenance expenditures in a timely manner to ensure
48 the maintenance of a superior, first class facility of exceptional

1 quality, and demonstrate having met that standard if its capital
2 expenditures, over a five- year period, average five percent of net
3 revenue annually. The bill would require that an applicant
4 demonstrate the ability to make only necessary capital expenditures
5 which are adequate to ensure a superior, first class facility of
6 exceptional quality, as maintenance is generally performed as an
7 ongoing process of upkeep, while the financial ability to make
8 ongoing necessary capital expenditures is crucial in order to create
9 and maintain a superior first class facility of exceptional quality
10 which will attract and maintain a customer base.

11 Section 3 of the bill concerns the calculation of the annual
12 payments in lieu of property taxes (PILOT) that are required under
13 the “Casino Property Tax Stabilization Act,” P.L.2016, c.5 to be
14 made by casino gaming properties to Atlantic City annually from
15 2017 through 2026. The bill would require the casino gaming
16 properties to pay Atlantic City \$125 million in PILOT payments for
17 calendar year 2022. For calendar years 2023, 2024, 2025, and
18 2026, the base amount of the PILOT payment would be determined
19 based on gross gaming revenue totals. For each of these calendar
20 years, the total amount of the PILOT payments would increase by
21 two percent per year provide that there is no upward adjustment in
22 the base amount of the PILOT.

23 Section 4 of the bill revises the amount of the additional
24 payments required to be remitted to the State by each casino gaming
25 property. Pursuant to the “Casino Property Tax Stabilization Act,”
26 these additional payments were to be made by each casino gaming
27 property in decreasing amounts between 2015 and 2023, with the
28 final payment in 2023 being \$5,000,000. The bill extends these
29 additional payments to the State through 2026, and requires a
30 \$5,000,000 annual payment from each casino gaming property for
31 each of the calendar years 2022, 2023, 2024, 2025, and 2026.

32 Section 5 of the bill codifies the portion of the funds collected by
33 Atlantic City from the PILOT payments that are to be allocated
34 annually to Atlantic County and the Atlantic City School District.
35 The bill would require that 13.5 percent be allocated to Atlantic
36 County for calendar years 2022, 2023, and 2024, and that 12
37 percent be allocated in calendar years 2025 and 2026. The portion
38 to be allocated to the Atlantic City School District in 2022, 2023,
39 2024, 2025 and 2026 is required to increase by 2 percent each year
40 over the preceding year.

41 Section 6 of the bill concerns the investment alternative tax and
42 the investment alternative paid to the State Treasurer annually by
43 the casino gaming properties. Under current law, the moneys
44 received by the State Treasurer from the investment alternative tax
45 and the investment alternative, except for any amount thereof
46 pledged for the payment of bonds issued by the Casino
47 Reinvestment Development Authority or otherwise contractually
48 obligated by the authority, or any bonds issued to refund such

1 bonds, is allocated to Atlantic City for the purposes of paying debt
2 service on bonds issued by Atlantic City prior to, and after the
3 effective date of the “Casino Property Tax Stabilization Act”. This
4 bill would provide that, for calendar years 2022 through 2026, in
5 the event that moneys received by the State Treasurer from the
6 payment of the investment alternative tax, in the amounts identified
7 in law exceed the debt service on bonds issued by Atlantic City
8 prior to and after the effective date of the “Casino Property Tax
9 Stabilization Act,” in any year, then the amount in excess of the
10 debt service is to be reallocated to the Casino Reinvestment
11 Development Authority, the Clean and Safe Fund, established
12 pursuant to section 7 of the bill, and the Infrastructure Fund,
13 established pursuant to section 8 of the bill, and to Atlantic City, in
14 different proportions, as described in the bill.

15 Sections 7 and 8 create the Clean and Safe Fund and the
16 Infrastructure Fund, respectively, into which the excess investment
17 alternative tax funds are to be appropriated pursuant to section 5 of
18 the bill. These funds are to be held by the State Treasurer. The
19 purpose of these funds is to set aside money for Atlantic City to use
20 for specific purposes which benefit the public and the city while at
21 the same time increasing the appeal of Atlantic City casino gaming,
22 relative to competitor markets. Clean and Safe Fund moneys would
23 be used by Atlantic City, or another governmental entity working
24 on behalf of Atlantic City, to pay for capital public safety expenses,
25 streetscape improvements, planting, roadway median
26 improvements, shade trees, beautification, wayfinding, lighting,
27 cleaning equipment, waste receptacles, sidewalk repair, and related
28 maintenance within Atlantic City. Moneys in the Infrastructure
29 Fund would be used to pay for any local infrastructure
30 improvements within Atlantic City.