

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5943

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Assembly Budget Committee reports favorably Assembly Bill No. 5943.

This bill temporarily modifies the taxes and credits of casino licensees, permanently redefines promotional gaming credits to include certain coupons and table game wagers, and requires priority funding for senior and disabled transportation services.

Under the bill, Division of Gaming Enforcement would calculate the projected taxable revenue for each casino licensee for the 12-month period beginning January 2021 and ending December 31, 2021. The projected taxable revenue would be determined by subtracting the amount of promotional gaming credits eligible for a deduction pursuant to current law from the projected gross revenue of each casino licensee over that 12-month period. The division would then apply the tax rates set forth in the bill to the projected taxable revenue of each casino licensee, and the division would also apply an 8 percent tax rate to the taxable gross revenue of each casino licensee. Under the bill, each casino licensee would be allowed a credit against the tax imposed under current law for the 12-month period following the effective date of the bill in an amount representing the difference between the amount calculated by applying an 8 percent tax rate to the projected taxable gross revenue of each casino licensee and the amount calculated by applying the tax rates set forth in the bill to the projected taxable revenue of each casino licensee. Under the bill, this credit would be allowed in monthly installments in one-twelfth increments.

Under the bill, the Division of Gaming Enforcement would calculate the casino win of each casino licensee for the four month period beginning January 2021 and ending April 30, 2021 as a percentage of the casino win of each casino gaming property for the four month period comprised of January 2020, February 2020, March 2019, and April 2019. For the purposes of the calculation performed under the bill, the rate applicable to a casino licensee would be as follows:

(1) for each casino licensee for which casino win for the four month period beginning January 2021 and ending April 30, 2021 are at least 50 percent and less than 75 percent of the casino win for the four month period comprised of January 2020, February 2020, March 2019, and April 2019, the tax rate used for the calculation performed under the bill would be 6.8 percent; and

(2) for each casino licensee for which casino win for the four-month period beginning January 2021 and ending April 30, 2021 are at least 75 percent and less than 100 percent of the casino win for the for the four month period comprised of January 2020, February 2020, March 2019, and April 2019, the tax rate used for the calculation performed under the bill would be 7.4 percent.

Under the bill, a casino licensee for which casino win for the four-month period beginning January 2021 and ending April 30, 2021 are 100 percent or more of the casino win for the for the four month period comprised of January 2020, February 2020, March 2019, and April 2019 would be allowed a credit against the tax imposed under current law for the 12-month period following the effective date of the bill in an amount that is 90 percent of the lowest credit dollar amount allowed to a casino pursuant to the calculation performed under subsection a. of this section. This credit would be allowed in monthly installments in one-twelfth increments.

The bill also requires that each casino licensee allowed a credit under the bill submit a report to the State Treasurer and the Division of Gaming Enforcement, at the same time that the credit is claimed that documents that an amount equal to the entire dollar amount allowed as a credit under this bill is being expended by the licensee to: (1) promptly re-hire and employ former employees and new applicants; (2) attract tourists, gaming, and hospitality patrons to visit and stay at the casino hotel property; (3) market and promote events that would draw visitors to the property or Atlantic City, such as entertainment and conventions; and (4) any other activity the State Treasurer or the division deem beneficial to the return of pre-emergency economic, gaming, and tourism levels to Atlantic City.

Under the bill, each casino licensee is permitted to take a deduction against gross revenues equal to the full amount of promotional gaming credits, including match play and table game coupons that are issued by the licensee and redeemed its patrons. Currently, casinos are permitted to take such deductions only for the amount of promotional gaming credits redeemed in a tax year that exceed \$90,000,000. Under the bill, a casino licensee would be entitled during the 24-month period commencing on the first day of the calendar month following the effective date of the bill and ending on the last day of the 24th month thereafter to receive a monthly deduction from the gross revenue taxed.

Under the bill, a casino operator is prohibited from using any funds or savings resulting from enactment of the bill to repurchase stock or stock options, issue a dividend, or provide for bonuses for any officer or executive employee.

The bill also includes State Fiscal Year 2021 and State Fiscal Year 2022 in the requirement that appropriations to the New Jersey Transit Corporation from the revenues deposited in the Casino Revenue Fund will be given priority to ensure that the corporation receives an amount equal to 8.5 percent of the revenues deposited in the fund during the State Fiscal Year 2019.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.