

ASSEMBLY, No. 1927

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1996

By Assemblymen LeFEVRE, BLEE, Cottrell, Gibson, Asselta
and Moran

1 **AN ACT** concerning development projects of the Casino Reinvestment
2 Development Authority in Atlantic City, amending P.L.1984, c.218,
3 and amending and supplementing P.L.1993, c.159.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 1 of P.L. 1993, c. 159 (C.5:12-173.1) is amended to
9 read as follows:

10 1. The Legislature finds that the single most significant factor
11 contributing to the cost of constructing, maintaining, operating and
12 supporting highways, roads and infrastructure, in Atlantic City, and
13 particularly in the "corridor" region of the city, is the heavy volume of
14 motor vehicular traffic occasioned by the attraction of casino gambling
15 in Atlantic City. This traffic is encouraged by the provision of free
16 parking by casino operations, by the relative underdevelopment of
17 public transportation services, and by the shortage of hotel
18 accommodations in the city. While the Legislature has taken various
19 measures, most notably the "South Jersey Transportation Authority
20 Act," P.L.1991, c.252 (C.27:25A-1 et al.), to provide and improve
21 public transportation services in the South Jersey region as an
22 alternative to the use of motor vehicles, the heavy capital costs
23 associated with reconstruction of the corridor region's infrastructure
24 require a continuous source of public funding. The Legislature
25 declares, therefore, that it is in the public interest to require a standard
26 minimum charge for casino parking within Atlantic City, and to impose
27 fees on amounts received from those charges, with the proceeds of
28 those fees to be used by the Casino Reinvestment Development
29 Authority for projects which are related to improving the highways,
30 roads, infrastructure, traffic regulation and public safety of the city, or
31 which are otherwise necessary or useful to the economic development
32 and redevelopment of the city in this regard. It is also in the public
33 interest to establish a special temporary fund for the use of existing

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

Matter underlined thus is new matter.

1 moneys of the authority for the provision of financial assistance to
2 [casinos and] casino [hotels]licensees to construct, reconstruct or
3 rehabilitate hotel rooms in Atlantic City.

4 The Legislature declares that it is the public purpose of this
5 amendatory act, P.L. _____, c. _____ (C. _____) (now pending before
6 the Legislature as this bill), that financial assistance to casino licensees
7 to construct, reconstruct or rehabilitate hotel rooms in Atlantic City
8 shall be determined after excluding costs reasonably related to space
9 used for the conduct of casino gaming. It was, and continues to be,
10 the public purpose of P.L.1993, c.159 (C.5:12-173.1 et seq.) that
11 financial assistance may be provided to a project which includes,
12 incorporates, facilitates or supports space used for the conduct of
13 casino gaming in a casino hotel facility, but only for costs reasonably
14 related to hotel rooms and their appurtenant facilities in the project.
15 (cf: P.L.1993, c.159, s.1)

16

17 2. Section 8 of P.L.1993, c.159 (C.5:12-173.8) is amended to
18 read as follows:

19 8. a. From the moneys made available to the Casino Reinvestment
20 Development Authority pursuant to section 3 of P.L.1984, c.218
21 (C.5:12-144.1), the authority shall, in such manner as it may
22 reasonably determine, set aside \$100,000,000 for investment on hotel
23 development projects in Atlantic City undertaken by a casino licensee
24 under the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.),
25 operating an approved hotel on the effective date of this amendatory
26 and supplementary act, P.L.1993, c.159 (C.5:12-173.1 et al.), which
27 result in the construction, reconstruction or rehabilitation of at least
28 200 hotel rooms in the City of Atlantic City. The authority shall, by
29 regulation, adopt standards for determining the extent of construction,
30 reconstruction or rehabilitation of hotel rooms or appurtenant facilities
31 required in order to qualify for authority investment, which standards
32 shall require at least that the hotel rooms be operated as part of a
33 licensed casino facility or be first class hotel rooms located and
34 operated in a manner consistent with an authority approved project.
35 The authority shall require as a condition for authority investment that
36 the hotel rooms be subject to an agreement with the authority that
37 requires the rooms to be reserved, at certain times and under certain
38 conditions agreeable to the authority, for convention business in
39 connection with an authority approved project. A hotel development
40 project may qualify for authority investment notwithstanding that it
41 includes, incorporates, facilitates or supports an expansion of space
42 used for the conduct of casino gaming in a casino hotel facility
43 operated by a casino licensee. The provisions of section 30 of
44 P.L.1984, c.218 (C.5:12-178) shall not apply to investments made out
45 of the moneys so set aside.

46 The authority shall determine the amount each casino licensee shall

1 be eligible to receive out of the moneys so set aside. The form,
2 amount and terms of the investment made by the authority shall be
3 determined by the authority, but the maximum amount of the
4 investment shall not exceed the lesser of the amount which the casino
5 licensee applying therefor is eligible to receive, or [an]the amount
6 equal to [35%]27% of the costs reasonably related to constructing,
7 reconstructing or rehabilitating the hotel rooms or appurtenant
8 facilities in the project~~[, whichever is less.]excluding costs reasonably~~
9 related to space used for the conduct of casino gaming.

10 For the purposes of determining each casino licensee's eligibility for
11 authority investments from the moneys so set aside, the authority may
12 by resolution permit the transfer of obligation to make payment under
13 section 3 of P.L.1984, c.218 (C.5:12-144.1) to any other casino
14 licensee which has received approval for investment in a project to
15 construct, reconstruct or rehabilitate hotel rooms.

16 In approving a hotel development project, the authority shall
17 establish a schedule for investments to be made by the authority as
18 progressive stages of construction, reconstruction or rehabilitation are
19 accomplished. [A schedule so established shall provide for the
20 completion of the project on or before December 31, 1996, unless the
21 authority shall prior to that date find, by resolution, that a time
22 extension for project completion is warranted by special circumstances
23 or unforeseen occurrences.] Any moneys remaining in the special fund
24 thereafter shall be available for investment in otherwise eligible
25 projects of the authority.

26 b. From the moneys made available to the Casino Reinvestment
27 Development Authority pursuant to section 3 of P.L.1984, c.218
28 (C.5:12-144.1), the authority shall, in such manner as it may
29 reasonably determine, set aside \$75,000,000 for investment on hotel
30 development projects in Atlantic City, which shall be in addition to the
31 moneys set aside pursuant to subsection a. of this section. Any
32 moneys set aside pursuant to that subsection a. which are not invested
33 by the authority as the result of the failure of a casino licensee to
34 comply with requirements, regulations, conditions or determinations
35 made under that subsection a. shall be available for authority
36 investment pursuant to this subsection b. Authority investments under
37 this subsection b. shall be subject to the requirements, regulations,
38 conditions and determinations of that subsection a., except as follows:

39 (1) The authority may provide an additional investment amount to
40 a casino licensee which has had a hotel development project approved
41 prior to the effective date of this amendatory act, P.L. _____, c.
42 (C. _____) (now pending before the Legislature as this bill), but
43 which the authority has approved for an amount out of the moneys set
44 aside pursuant to that subsection a. that is less than the maximum
45 amount of investment for the approved project because sufficient
46 investment funds were not available to fund all projects approved

1 under that subsection a. at the maximum amount of investment. The
2 additional investment may be made only as the result of an application
3 made to the authority on or before April 1, 1996. The additional
4 investment amount shall not be greater than the difference between
5 the maximum amount of investment for the approved project under
6 that subsection a. and the amount which the authority actually
7 approved for the project. The authority may provide an additional
8 investment amount pursuant to this paragraph (1) only for those
9 previously approved hotel development projects for which
10 construction, reconstruction or rehabilitation has actually and
11 substantially commenced on or before August 31, 1996.

12 (2) Thereafter, any casino licensee may be eligible to receive an
13 investment out of moneys set aside pursuant to this subsection b.;
14 provided, that the casino licensee shall apply for approval of a hotel
15 development project by the authority within 90 days following the
16 effective date of this amendatory act. The authority shall require as a
17 condition for authority investment under this paragraph that
18 construction, reconstruction or rehabilitation of the hotel development
19 project actually and substantially commence within 12 months after the
20 date upon which the authority and the casino licensee enter into a hotel
21 room credit agreement.

22 (cf: P.L.1993, c.159, s.8)

23

24 3. Section 5 of P.L.1984, c.218 (C.5:12-153) is amended to read
25 as follows:

26 5. a. There is established in, but not of, the Department of the
27 Treasury a Casino Reinvestment Development Authority to consist of
28 the following members:

29 (1) Six members appointed by the Governor with the advice and
30 consent of the Senate for terms of four years, except that of the initial
31 members to be appointed pursuant to this 1991 amendatory act,
32 P.L.1991, c.219, one shall be appointed for a term of two years and
33 one for a term of four years;

34 (2) One member appointed by the Governor upon the
35 recommendation of the President of the Senate for a term of four
36 years, except that the initial member to be appointed shall be appointed
37 for a term of three years;

38 (3) One member appointed by the Governor upon the
39 recommendation of the Speaker of the General Assembly for a term of
40 four years, except that the initial member to be appointed shall be
41 appointed for a term of one year;

42 (4) A member of the Casino Control Commission, who shall be
43 appointed by the Governor and shall be a voting member of the
44 authority;

45 (5) The mayor of Atlantic City, ex officio and voting;

46 (6) The Attorney General and the State Treasurer, ex officio and

1 voting; [and]

2 (7) Two casino industry representatives, both of whom shall be
3 voting members, appointed by the Governor for terms of two years,
4 except that of the initial appointees, one shall serve for a term of one
5 year and one for a term of two years. No person shall be reappointed
6 to succeed himself as a casino industry representative member, and no
7 person appointed shall be an employee, officer or agent of the same
8 casino licensee as the person whom he succeeds as a casino industry
9 representative member; and

10 (8) One member appointed by the Governor to serve ex officio as
11 a voting member, who shall be either the Commissioner of the
12 Department of Commerce and Economic Development or the
13 Commissioner of the Department of Community Affairs, or the
14 Governor may appoint, in lieu thereof, an additional member of the
15 Casino Control Commission as a voting member.

16 No more than four of the voting members appointed by the
17 Governor pursuant to paragraph (1) of this subsection shall be of the
18 same political party.

19 In the appointment of members of the authority, consideration
20 should be given to achieving a membership of high quality and varied
21 experience, with special emphasis on the fields of banking, finance,
22 investment, and housing and urban development.

23 b. Each member appointed by the Governor shall hold office for
24 the term of his appointment and until his successor shall have been
25 appointed and qualified. A member shall be eligible for reappointment.
26 Any vacancy in the membership occurring other than by expiration of
27 term shall be filled in the same manner as the original appointment but
28 for the unexpired term only.

29 c. The member or members of the Casino Control Commission
30 appointed by the Governor shall serve as a member or members of the
31 Casino Reinvestment Development Authority at the pleasure of the
32 Governor, subject to the limitations in subsections c., f., and h. of
33 section 52 of P.L.1977, c.110 (C.5:12-52). ~~[The]~~Such a member may
34 be removed or suspended from office as a member of the Casino
35 Reinvestment Development Authority as provided in section 6 of this
36 act. Any removal or suspension from office of ~~[the]~~a member of the
37 Casino Control Commission from the Casino Reinvestment
38 Development Authority shall not affect his office held as a member of
39 the Casino Control Commission. Removal from office as a member of
40 the Casino Control Commission may only be done in accordance with
41 subsection g. of section 52 of P.L.1977, c.110 (C.5:12-52).

42 (cf: P.L.1993,c.159,s.10)

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44 4. Section 7 of P.L. 1984, c.218 (C.5:12-155) is amended to read
45 as follows:

46 7. The Governor shall designate from among the appointed and

1 voting public members, a chairman and a vice chairman of the Casino
2 Reinvestment Development Authority, who shall serve in those
3 capacities at the pleasure of the Governor. The powers of the Casino
4 Reinvestment Development Authority shall be vested in the members
5 thereof in office from time to time and ~~seven~~eight voting members
6 of the Casino Reinvestment Development Authority shall constitute a
7 quorum at any meeting thereof. Action may be taken by motions and
8 resolutions adopted by the Casino Reinvestment Development
9 Authority at any meeting thereof by the affirmative vote of at least
10 ~~seven~~eight members of the Casino Reinvestment Development
11 Authority. No vacancy in the membership of the Casino Reinvestment
12 Development Authority shall impair the right of a quorum of the
13 members to exercise all the powers and perform all the duties of the
14 Casino Reinvestment Development Authority.

15 (cf: P.L.1995,c.18,s.42)

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17 5. Section 9 of P.L. 1984, c.218(C.5:12-157) is amended to read
18 as follows:

19 9. The Attorney General and the State Treasurer, and, where
20 appropriate, the Commissioner of the Department of Commerce and
21 Economic Development or the Commissioner of the Department of
22 Community Affairs, may designate an officer or employee of [his
23 department]their respective departments and the Casino Control
24 Commission member or members on the Casino Reinvestment
25 Development Authority may designate another commissioner or
26 employee of the commission to represent them at meetings of the
27 Casino Reinvestment Development Authority, and each designee may
28 lawfully vote and otherwise act on behalf of the member for whom he
29 constitutes the designee. Any designation shall be in writing delivered
30 to the Casino Reinvestment Development Authority and shall continue
31 in effect until revoked or amended by writing delivered to the Casino
32 Reinvestment Development Authority.

33 (cf: P.L.1991,c.219,s.4)

34

35 6. (New section) The State of New Jersey hereby covenants with
36 the purchasers, holders and owners, from time to time, of any bonds
37 secured by funds derived from fees imposed for the use of casino
38 parking spaces pursuant to section 3 of P.L.1993, c.159 (C.5:12-
39 173.3) that it shall not repeal or reduce the fee so imposed under that
40 act, while bonds entitled to benefits from the fee so imposed are
41 outstanding, and shall not modify or amend the provisions of that act
42 so as to create any lien or charge on, or any pledge, assignment,
43 diversion, withholding payment or other use of or deduction from the
44 fee so imposed which is prior in time or superior in right to any
45 payments required to be made pursuant to any bond covenants entered
46 into with the purchasers, holders and owners of the bonds so secured.

1 7. This act shall take effect immediately.

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STATEMENT

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6 It is the legislative intent of this bill that investments made by the
7 Casino Reinvestment Development Authority under P.L.1993, c.159
8 (C.5:12-173.1 et seq.) exclude costs reasonably related to space used
9 for the conduct of casino gaming. It is also the intent of this bill to
10 address the decision of the trial court in CRDA v. Coking, et al.
11 Docket No. ATL-L-2974-94 by clarifying that it was and continues to
12 be the public purpose of P.L.1993, c.159 (C.5:12-173.1 et seq.) and
13 of this bill that investment monies may be used for hotel development
14 projects which include, incorporate, facilitate or support an expansion
15 of casino space in a casino hotel facility, but only for costs reasonably
16 related to constructing, reconstructing or rehabilitating hotel rooms or
17 appurtenant facilities, and not for costs reasonably related to casino
18 space.

19 The bill also clarifies the regulatory power of the authority to
20 require that casinos licensees reserve hotel rooms in an approved hotel
21 development project for convention business pursuant to an agreement
22 with the authority.

23 The bill requires that the Casino Reinvestment Development
24 Authority set aside for investment on hotel development projects in
25 Atlantic City an additional \$75 million of moneys made available to the
26 authority. The bill sets forth the order of priority for use of those
27 investment moneys: first, for previously approved hotel development
28 projects which were approved for less than the maximum amount of
29 investment which they would have if sufficient funds were otherwise
30 available; and second, for additional hotel development projects for
31 casino licensees which apply after the effective date of the act. The
32 bill provides appropriate application deadlines for new and additional
33 hotel development projects, and deadlines by which construction,
34 reconstruction or rehabilitation of a hotel development project must
35 actually and substantially commence.

36 In addition, the bill provides for appointment of two additional
37 members to the authority, the Attorney General and a second member
38 appointed by the Governor who may be the Commissioner of
39 Commerce and Economic Development, the Commissioner of
40 Community Affairs or a second Casino Control Commission member.
41 It provides that persons appointed to the authority as casino industry
42 representatives cannot be reappointed to succeed themselves or to
43 represent the same casino licensee as their predecessors.

44 The bill includes a provision pledging not to repeal or reduce the
45 parking fee on casino parking spaces during the time that bonds
46 secured by the parking fee revenues are outstanding.

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3 Concerns investments by Casino Reinvestment Development Authority

4 in development projects in Atlantic City.