

[First Reprint]
SENATE, No. 1123

STATE OF NEW JERSEY

INTRODUCED MAY 9, 1996

By Senators GORMLEY and Lesniak

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SSG committee amendments adopted June 6, 1996.

1 and redevelopment of the city in this regard. It is also in the public
2 interest to establish a special temporary fund for the use of existing
3 moneys of the authority for the provision of financial assistance to
4 [casinos and] casino [hotels]licensees to construct, reconstruct or
5 rehabilitate hotel rooms in Atlantic City.

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

18

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

21 8. a. From the moneys made available to the Casino Reinvestment
22 Development Authority pursuant to section 3 of P.L.1984, c.218
23 (C.5:12-144.1), the authority shall, in such manner as it may
24 reasonably determine, set aside \$100,000,000 for investment on hotel
25 development projects in Atlantic City undertaken by a casino licensee
26 under the "Casino Control Act," P.L.1977, c.110 (C.5:12-1 et seq.),
27 operating an approved hotel on the effective date of this amendatory
28 and supplementary act, P.L.1993, c.159 (C.5:12-173.1 et al.), which
29 result in the construction, reconstruction or rehabilitation of at least
30 200 hotel rooms in the City of Atlantic City. The authority shall, by
31 regulation, adopt standards for determining the extent of construction,
32 reconstruction or rehabilitation of hotel rooms or appurtenant facilities
33 required in order to qualify for authority investment, which standards
34 shall require at least that the hotel rooms be operated as part of a
35 licensed casino facility or be first class hotel rooms located and
36 operated in a manner consistent with an authority approved project.
37 The authority shall require as a condition for authority investment that
38 the hotel rooms be subject to an agreement with the authority that
39 requires the rooms to be reserved, at certain times and under certain
40 conditions agreeable to the authority, for convention business in
41 connection with an authority approved project. A hotel development
42 project may qualify for authority investment notwithstanding that it
43 includes, incorporates, facilitates or supports an expansion of space
44 used for the conduct of casino gaming in a casino hotel facility
45 operated by a casino licensee. ¹Any casino licensee which undertook
46 a hotel development project that was approved by the authority prior

1 to the effective date of this amendatory act, P.L. _____, c. (C.)
2 (now pending before the Legislature as this bill), for an investment out
3 of moneys set aside pursuant to this subsection a., but which
4 investment has not been received by the casino licensee as a result of
5 the inclusion in the project of space for use for the conduct of casino
6 gaming, shall be entitled pursuant to this subsection a. to receive the
7 investment previously approved by the authority.¹ The provisions of
8 section 30 of P.L.1984, c.218 (C.5:12-178) shall not apply to
9 investments made out of the moneys so set aside.

10 The authority shall determine the amount each casino licensee shall
11 be eligible to receive out of the moneys so set aside. The form,
12 amount and terms of the investment made by the authority shall be
13 determined by the authority, but the maximum amount of the
14 investment shall not exceed the lesser of the amount which the casino
15 licensee applying therefor is eligible to receive, or [an]the amount
16 equal to [35%]27% of the costs reasonably related to constructing,
17 reconstructing or rehabilitating the hotel rooms or appurtenant
18 facilities in the project~~[, whichever is less.]excluding costs reasonably~~
19 related to space used for the conduct of casino gaming.

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

26 In approving a hotel development project, the authority shall
27 establish a schedule for investments to be made by the authority as
28 progressive stages of construction, reconstruction or rehabilitation are
29 accomplished. [A schedule so established shall provide for the
30 completion of the project on or before December 31, 1996, unless the
31 authority shall prior to that date find, by resolution, that a time
32 extension for project completion is warranted by special circumstances
33 or unforeseen occurrences.] Any moneys remaining in the special fund
34 thereafter shall be available for investment in otherwise eligible
35 projects of the authority.

36 b. From the moneys made available to the Casino Reinvestment
37 Development Authority pursuant to section 3 of P.L.1984, c.218
38 (C.5:12-144.1), the authority shall, in such manner as it may
39 reasonably determine, set aside \$75,000,000 for investment on hotel
40 development projects in Atlantic City, which shall be in addition to the
41 moneys set aside pursuant to subsection a. of this section. Any
42 moneys set aside pursuant to that subsection a. which are not invested
43 by the authority as the result of the failure of a casino licensee to
44 comply with requirements, regulations, conditions or determinations
45 made under that subsection a. shall be available for authority
46 investment pursuant to this subsection b. Authority investments under

1 this subsection b. shall be subject to the requirements, regulations,
2 conditions and determinations of that subsection a., except as follows:

3 (1) The authority may provide an additional investment amount to
4 a casino licensee which has had a hotel development project approved
5 prior to the effective date of this amendatory act, P.L. _____, c.
6 (C. _____) (now pending before the Legislature as this bill), but
7 which the authority has approved for an amount out of the moneys set
8 aside pursuant to that subsection a. that is less than the maximum
9 amount of investment for the approved project because sufficient
10 investment funds were not available to fund all projects approved
11 under that subsection a. at the maximum amount of investment. The
12 additional investment may be made only as the result of an application
13 made to the authority on or before April 1, 1996. The additional
14 investment amount shall not be greater than the difference between
15 the maximum amount of investment for the approved project under
16 that subsection a. and the amount which the authority actually
17 approved for the project. The authority may provide an additional
18 investment amount pursuant to this paragraph (1) only for those
19 previously approved hotel development projects for which
20 construction, reconstruction or rehabilitation has actually and
21 substantially commenced on or before August 31, 1996.

22 (2) Thereafter, any casino licensee may be eligible to receive an
23 investment out of moneys set aside pursuant to this subsection b.:
24 provided, that the casino licensee shall apply for approval of a hotel
25 development project by the authority within 90 days following the
26 effective date of this amendatory act. The authority shall require as a
27 condition for authority investment under this paragraph that
28 construction, reconstruction or rehabilitation of the hotel development
29 project actually and substantially commence within 12 months after the
30 date upon which the authority and the casino licensee enter into a hotel
31 room credit agreement.

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

33

34 ^{13.} Section 3 of P.L.1984, c.218 (C.5:12-144.1) is amended to
35 read as follows:

36 3. a. (1) Commencing with the first annual tax return of a licensee
37 for any calendar year beginning after December 31, 1983, there is
38 imposed an investment alternative tax on the gross revenues as defined
39 in section 24 of P.L.1977, c.110 (C.5:12-24) of the licensee in the
40 amount of 2.5% of those gross revenues. The tax imposed with
41 respect to each calendar year shall be due and payable on the last day
42 of April next following the end of the calendar year. The State
43 Treasurer shall have a lien against the property constituting the casino
44 of a licensee for the amount of any tax not paid when due. No tax
45 shall be imposed, however, on the gross revenues received by a
46 licensee during the first 12 months of the operation of any casino that

1 commences operation after January 1, 1984, but prior to the effective
2 date of this act, P.L. _____, c. _____ (C. _____) (now pending before the
3 Legislature as this bill).

4 (2) A licensee shall pay to the State Treasurer on or before the 15th
5 day of the first, fourth, seventh, and 10th months of each year as
6 partial payment of the investment alternative tax imposed pursuant to
7 paragraph (1) of this subsection an amount equal to 1.25% of the
8 estimated gross revenues for the three-month period immediately
9 preceding the first day of those months. The moneys received shall be
10 placed in an escrow account and shall be held until the licensee directs
11 that the moneys be transferred to the Casino Reinvestment
12 Development Authority for the purchase of bonds issued by or offered
13 through the Casino Reinvestment Development Authority or pursuant
14 to a contract for such a purchase, be made available to the licensee for
15 a direct investment approved by the authority, or be transferred to the
16 Casino Revenue Fund as partial payment of the investment alternative
17 tax imposed pursuant to paragraph (1) of this subsection. Any interest
18 derived from the moneys in the escrow account shall be paid or made
19 available to the Casino Revenue Fund. If a licensee fails to pay the
20 amount due or underpays by an unjustifiable amount, the Casino
21 Control Commission shall impose a fine of 5% of the amount due or
22 of the underpayment, as the case may be, for each month or portion
23 thereof the licensee is in default of payment, up to 25% of the amount
24 in default. Any fine imposed shall be paid to the Casino Reinvestment
25 Development Authority and shall be used for the purposes of this 1984
26 amendatory and supplementary act.

27 b. Each licensee shall be entitled to an investment tax credit against
28 the tax imposed by subsection a. of this section, provided the licensee
29 shall pay over the moneys required pursuant to section 5 of P.L.1993,
30 c.159 (C.5:12-173.5): (1) for the first 10 years of a licensee's tax
31 obligation, in an amount equal to twice the purchase price of bonds
32 issued by the Casino Reinvestment Development Authority pursuant
33 to sections 14 and 15 of this 1984 amendatory and supplementary act,
34 purchased by the licensee, or twice the amount of the investments
35 authorized in lieu thereof, and (2) for the remainder of a licensee's tax
36 obligation, in an amount equal to twice the purchase price of bonds
37 issued by the Casino Reinvestment Development Authority pursuant
38 to sections 14 and 15 of this 1984 amendatory and supplementary act,
39 purchased by the licensee, or twice the amount of the investments
40 authorized in lieu thereof, and twice the amount of investments made
41 by a licensee in other approved eligible investments made pursuant to
42 section 25 of this act. The Casino Reinvestment Development
43 Authority shall have the power to enter into a contract or contracts
44 with a licensee pursuant to which the Casino Reinvestment
45 Development Authority agrees to issue and sell bonds to the licensee,
46 and the licensee agrees to purchase the bonds issued by or offered

1 through the Casino Reinvestment Development Authority, in annual
2 purchase price amounts as will constitute a credit against at least 50%
3 of the tax to become due in any future year or years. The contract
4 may contain those terms and conditions relating to the terms of the
5 bonds and to the issuance and sale of the bonds to the licensee as the
6 Casino Reinvestment Development Authority shall deem necessary or
7 desirable. The contract shall not be deemed to be in violation of
8 section 104 of P.L.1977, c.110 (C.5:12-104). After the first 10 years
9 of a licensee's investment alternative tax obligation, a licensee will
10 have the option of entering into a contract with the Casino
11 Reinvestment Development Authority to have its tax credit comprised
12 of direct investments in approved eligible projects. These direct
13 investments shall not comprise more than 50% of a licensee's eligible
14 tax credit in any one year.

15 The entering of a contract pursuant to this section shall be sufficient
16 to entitle a licensee to an investment tax credit for the appropriate tax
17 year.

18 c. A contract entered into between a licensee and the Casino
19 Reinvestment Development Authority may provide for a deferral of
20 payment for and delivery of bonds required to be purchased and for a
21 deferral from making approved eligible investments in any year, but no
22 deferral shall occur more than two years consecutively. A deferral of
23 payment for any bonds required to be purchased by a licensee and a
24 deferral from making approved eligible investments may be granted by
25 the Casino Reinvestment Development Authority only upon a
26 determination by the Casino Control Commission that purchase of
27 these bonds or making approved eligible investments would cause
28 extreme financial hardship to the licensee and a determination by the
29 Casino Reinvestment Development Authority that the deferral of the
30 payment would not violate any covenant or agreement or impair any
31 financial obligation of the Casino Reinvestment Development
32 Authority. The contract may establish a late payment charge to be
33 paid in the event of deferral or other late payment at a rate as shall be
34 agreed to by the Casino Reinvestment Development Authority. If a
35 deferral of purchase or investment is granted, the licensee shall be
36 deemed to have made the purchase or investment at the time required
37 by the contract, except that if the purchase is not made at the time to
38 which the purchase or investment was deferred, then the licensee shall
39 be deemed not to have made the purchase or investment. The Casino
40 Control Commission shall adopt regulations establishing a uniform
41 definition of extreme financial hardship applicable to all these
42 contracts. If a licensee petitions the Casino Reinvestment
43 Development Authority for a deferral, the Casino Reinvestment
44 Development Authority shall give notice of that petition to the Casino
45 Control Commission and to the Division of Gaming Enforcement
46 within three days of the filing of the petition. The Casino Control

1 Commission shall render a decision within 60 days of notice as to
2 whether the licensee has established extreme financial hardship, after
3 consultation with the Division of Gaming Enforcement. The Casino
4 Reinvestment Development Authority shall render a decision as to the
5 availability of the deferral within 10 days of the receipt by it of the
6 decision of the Casino Control Commission and shall notify the
7 Division of Gaming Enforcement and the Casino Control Commission
8 of that decision. If a deferral is granted, the Casino Reinvestment
9 Development Authority may determine whether the purchases or
10 investments shall be made in a lump sum, made over a period of years,
11 or whether the period of obligation shall be extended an additional
12 period of time equivalent to the period of time deferred.

13 d. The license of any licensee which has defaulted in its obligation
14 to make any purchase of bonds or investment in any approved eligible
15 project under a contract entered into pursuant to subsection b. of this
16 section for a period of 90 days may be suspended by the Casino
17 Control Commission until that purchase is made or deferred in
18 accordance with subsection b. of this section, or a fine or other penalty
19 may be imposed upon the licensee by the commission. If the Casino
20 Control Commission elects not to suspend the license of a licensee
21 after the licensee has first defaulted in its obligation but instead
22 imposes some lesser penalty and the licensee continues to be in default
23 of its obligation after a period of 30 additional days and after any
24 additional 30-day period, the commission may impose another fine or
25 penalty upon the licensee, which may include suspension of that
26 licensee's license. The fine shall be 5% of the amount of the obligation
27 owed for each month or portion thereof a licensee is in default, up to
28 25% of that obligation; shall be paid to the Casino Reinvestment
29 Development Authority; and shall be used for the purposes of this
30 1984 amendatory and supplementary act.

31 e. A contract entered into by a licensee and the Casino
32 Reinvestment Development Authority pursuant to subsection b. of this
33 section may provide that after the first 10 years of a licensee's
34 investment alternative tax obligation imposed by subsection a. of this
35 section, the Casino Reinvestment Development Authority may
36 repurchase bonds previously sold to the licensee, which were issued
37 after the 10th year of a licensee's investment alternative tax obligation,
38 by the Casino Reinvestment Development Authority, if the Casino
39 Reinvestment Development Authority determines that the repurchase
40 will not violate any agreement or covenant or impair any financial
41 obligation of the Casino Reinvestment Development Authority and
42 that the licensee will reinvest the proceeds of the resale in an eligible
43 project approved by the Casino Reinvestment Development Authority.

44 f. (1) During the 30 years a licensee is obligated to pay an
45 investment alternative tax pursuant to subsection k. of this section, the
46 total of (a) the proceeds of all bonds purchased by a licensee from or

1 through the Casino Reinvestment Development Authority and (b) all
 2 approved investments in eligible projects by a licensee shall be devoted
 3 to the financing of projects in the following areas and amounts:

4 Areas	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.	Yrs.
	1-3	4-5	6-10	11-15	16-20	21-25	26-30
6 a) Atlantic City	100%	90%	80%	50%	30%	20%	
8 b) South Jersey		8%	12%	28%	43%	45%	
10 c) North Jersey		2%	8%	22%	27%	35%	35%
12 d) Atlantic City through the Atlantic City Fund							65%,

14 except that, with respect to the obligations for calendar years 1994 through
 15 1998, the amount allocated for the financing of projects in North Jersey from
 16 each casino licensee's obligation shall be the amount allocated for calendar year
 17 1993, and the difference between that amount and the amount to be allocated
 18 to North Jersey, on the basis of the above schedule, from each casino licensee's
 19 obligations for calendar years 1994 through 1998 shall be paid into or credited
 20 to the Atlantic City Fund established by section 44 of P.L.1995, c.18
 21 (C.5:12-161.1) and be devoted to the financing of projects in Atlantic City
 22 through that fund. For the purposes of this paragraph, "South Jersey" means
 23 the counties of Atlantic, Burlington, Camden, Cape May, Cumberland,
 24 Gloucester, Mercer, Ocean, and Salem; and "North Jersey" means the remaining
 25 12 counties of the State. For the purposes of this 1984 amendatory and
 26 supplementary act, bond "proceeds" means all funds received from the sale of
 27 bonds and any funds generated or derived therefrom.

28 In the financing of projects outside Atlantic City, the Casino Reinvestment
 29 Development Authority shall give priority to the revitalization of the urban
 30 areas of this State in the ways specified in section 12 of this 1984 amendatory
 31 and supplementary act. Those areas shall include, but not be limited to, all
 32 municipalities qualifying for aid pursuant to P.L.1978, c.14 (C.52:27D-178 et
 33 seq.).

34 Within nine months from the effective date of this 1984 amendatory and
 35 supplementary act, the Casino Reinvestment Development Authority shall
 36 determine the allocation of projected available moneys to municipalities in
 37 South Jersey for the first seven years of their receipt of funds, giving priority to
 38 the revitalization of the urban areas of the region. Municipalities receiving such
 39 an allocation shall present to the Casino Reinvestment Development Authority
 40 for its approval comprehensive plans or projects for which the allocations shall
 41 be used. Any such comprehensive plan or project may be submitted to the
 42 Casino Reinvestment Development Authority for a determination of eligibility
 43 at any time prior to the year for which the funds are allocated, and the Casino
 44 Reinvestment Development Authority shall make a determination of eligibility
 45 of the plan or project within a reasonable amount of time. If the Casino
 46 Reinvestment Development Authority makes a positive determination of

1 eligibility for any comprehensive plan or project, or combination of
2 comprehensive plans or projects, for any municipality whose total cost exceeds
3 the amount allocated to that municipality for the first seven years of the receipt
4 of funds by South Jersey municipalities, the Casino Reinvestment Development
5 Authority shall make available sufficient funds in subsequent years necessary to
6 complete those plans or projects, or to complete that portion of the plan or
7 project originally agreed to be funded through the Casino Reinvestment
8 Development Authority, from funds received by the Casino Reinvestment
9 Development Authority in the years following the seventh year of the receipt of
10 funds by South Jersey municipalities. If the comprehensive plan or project is
11 determined by the Casino Reinvestment Development Authority not to be an
12 eligible plan or project, the municipality may submit any other comprehensive
13 plan or project for a determination of eligibility. If, however, the municipality
14 fails to receive a positive determination of eligibility for any comprehensive plan
15 or project, or combination of comprehensive plans or projects, sufficient to
16 exhaust the total allocation to that municipality for any year prior to April 30
17 of the following year for which the allocation was made, the allocation to that
18 municipality for that year shall cease, and the Casino Reinvestment
19 Development Authority may apply those excess funds to any other
20 comprehensive plan or project in any other municipality in the region whose
21 comprehensive plan or project has received a positive determination of
22 eligibility by the Casino Reinvestment Development Authority.

23 Within 36 months from the effective date of this 1984 amendatory and
24 supplementary act, the Casino Reinvestment Development Authority shall
25 determine the allocation of projected available moneys to municipalities in
26 North Jersey for the first five years of their receipt of funds, giving priority to
27 the revitalization of the urban areas of the region. Municipalities receiving such
28 an allocation shall present to the Casino Reinvestment Development Authority
29 for its approval comprehensive plans or projects for which the allocations shall
30 be used. Any such comprehensive plan or project may be submitted to the
31 Casino Reinvestment Development Authority for a determination of eligibility
32 at any time prior to the year for which the funds are allocated, and the Casino
33 Reinvestment Development Authority shall make a determination of eligibility
34 of the plan or project within a reasonable amount of time. If the Casino
35 Reinvestment Development Authority makes a positive determination of
36 eligibility for any comprehensive plan or project, or combination of
37 comprehensive plans or projects, for any municipality whose total cost exceeds
38 the amount allocated to that municipality for the first five years of the receipt
39 of funds by North Jersey municipalities, the Casino Reinvestment Development
40 Authority shall make available sufficient funds in subsequent years necessary to
41 complete those plans or projects, or to complete that portion of the plan or
42 project originally agreed to be funded through the Casino Reinvestment
43 Development Authority, from funds received by the Casino Reinvestment
44 Development Authority in the years following the fifth year of the receipt of
45 funds by North Jersey municipalities. If the comprehensive plan or project is
46 determined by the Casino Reinvestment Development Authority not to be an

1 eligible plan or project, the municipality may submit any other comprehensive
2 plan or project for a determination of eligibility. If, however, the municipality
3 fails to receive a positive determination of eligibility for any comprehensive plan
4 or project, or combination of comprehensive plans or projects, sufficient to
5 exhaust the total allocation to that municipality for any year prior to April 30
6 of the following year for which the allocation was made, the allocation to that
7 municipality for that year shall cease, and the Casino Reinvestment
8 Development Authority may apply those excess funds to any other
9 comprehensive plan or project in any other municipality in the region whose
10 comprehensive plan or project has received a positive determination of
11 eligibility by the Casino Reinvestment Development Authority.

12 (2) Commencing with the first year in which a licensee incurs a tax
13 obligation pursuant to this section, and for the period of two years thereafter,
14 100% of the proceeds of all bonds purchased by a licensee from the Casino
15 Reinvestment Development Authority which are devoted to the financing of
16 projects in the city of Atlantic City pursuant to paragraph (1) of this subsection
17 shall be used exclusively to finance the rehabilitation, development, or
18 construction of, or to provide mortgage financing of, housing facilities in the
19 city of Atlantic City for persons or families of low through middle income, as
20 defined in this subsection. For the purposes of this subsection, the
21 "rehabilitation, development, or construction of housing facilities" shall include
22 expenses attributable to site preparation, infrastructure needs and
23 housing-related community facilities and services, including supporting
24 commercial development. Commencing with the fourth year in which a licensee
25 incurs a tax obligation pursuant to this subsection, 50% of the proceeds of all
26 bonds purchased by a licensee from the Casino Reinvestment Development
27 Authority which are devoted to the financing of projects in the city of Atlantic
28 City shall be used exclusively to finance the rehabilitation, development, or
29 construction of housing facilities in the city of Atlantic City for persons or
30 families of low through middle income. Commencing with the 11th year in
31 which a licensee incurs a tax obligation pursuant to this section, 50% of the
32 annual aggregate of the proceeds of bonds purchased by a licensee from the
33 Casino Reinvestment Development Authority which are devoted to the financing
34 of projects in the city of Atlantic City and investments in approved eligible
35 projects commenced by a licensee in the city of Atlantic City shall be used
36 exclusively to finance the rehabilitation, development, or construction of, or to
37 provide mortgage financing of, housing facilities in the city of Atlantic City for
38 persons or families of low through middle income.

39 (3) The Legislature finds that it is necessary to provide for a balanced
40 community and develop a comprehensive housing program. The Casino
41 Reinvestment Development Authority shall determine the need for housing in
42 the city of Atlantic City, in consultation with the city of Atlantic City and
43 specifically its zoning and planning boards. This shall include determining the
44 types and classes of housing to be constructed and the number of units of each
45 type and class of housing to be built. The Casino Reinvestment Development
46 Authority shall give priority to the housing needs of the persons and their

1 families residing in the city of Atlantic City in 1983 and continuing such
2 residency through the effective date of this 1984 amendatory and supplementary
3 act. The actual percentage of the proceeds of bonds and investments in
4 approved eligible projects commenced by a licensee in the city of Atlantic City,
5 which shall be used exclusively to finance the rehabilitation, development, or
6 construction of, or to provide mortgage financing of, housing facilities in the
7 city of Atlantic City for persons or families of low through middle income, shall
8 be based upon the authority's determination of the need for housing in the city
9 of Atlantic City conducted pursuant to this subsection. Once the housing needs
10 of the persons residing in the city of Atlantic City in 1983 and continuing such
11 residency through the effective date of this 1984 amendatory and supplementary
12 act have been met, as determined by the Casino Reinvestment Development
13 Authority pursuant to this subsection, any required percentages for such
14 housing in the city of Atlantic City may, in its sole discretion, be waived by the
15 Casino Reinvestment Development Authority. To aid the Casino Reinvestment
16 Development Authority in making these determinations, the Casino
17 Reinvestment Development Authority shall review the proposal for a housing
18 redevelopment program and strategy for the city of Atlantic City approved and
19 adopted by the Casino Control Commission and shall give priority to same and
20 any other plan or project which is consistent with the standards of this
21 subsection and is acceptable to the Casino Reinvestment Development
22 Authority, pursuant to section 25 of this 1984 amendatory and supplementary
23 act. The Casino Reinvestment Development Authority may determine whether
24 the funds used to finance housing facilities in the city of Atlantic City for
25 persons or families of low, moderate, median range, and middle income are
26 derived from the proceeds of bonds purchased by a licensee from the Casino
27 Reinvestment Development Authority to be devoted to the financing of projects
28 in the city of Atlantic City, investments in approved eligible projects
29 commenced by a licensee in the city of Atlantic City, or a combination of both.
30 Any investment made by a licensee in excess of 100% of its eligible investment
31 tax credit during the first three years and in excess of 50% thereafter in either
32 the purchase of bonds or direct investments in approved eligible projects for
33 low, moderate, median range, and middle income family housing facilities in the
34 city of Atlantic City may be carried forward and credited against the licensee's
35 obligation to make a 100% investment during the first three years and 50%
36 thereafter in low, moderate, median range, and middle income family housing
37 in any future year, with the approval of the Casino Reinvestment Development
38 Authority. For the purposes of this act, "low income families" means families
39 whose income does not exceed 50% of the median income of the area, with
40 adjustments for smaller and larger families. "Moderate income families" means
41 families whose income does not exceed 80% and is not less than 50% of the
42 median income for the area, with adjustments for smaller and larger families.
43 "Median range income families" means families whose income does not exceed
44 120% and is not less than 80% of the median income for the area, with
45 adjustments for smaller and larger families. "Middle income families" means
46 families whose income does not exceed 150% and not less than 120% of the

1 median income for the area, with adjustments for smaller and larger families.
2 "Median income" means an income defined as median within the Standard
3 Metropolitan Statistical Area for Atlantic City by the United States Department
4 of Housing and Urban Development.

5 In order to achieve a balanced community, the authority shall ensure that
6 the development of housing for families of low and moderate income shall
7 proceed at the same time as housing for families of median range and middle
8 income, until such time as there is no longer a need for such facilities in the city
9 of Atlantic City, as determined by the Casino Reinvestment Development
10 Authority.

11 (4) Notwithstanding any other law or section to the contrary, particularly
12 this subsection regarding the waiver of the required percentages for housing in
13 the city of Atlantic City, subsection i. of section 14, and sections 26, 27, 28, 29,
14 and 31 of this 1984 amendatory and supplementary act, nothing shall be
15 implemented or waived by the Casino Reinvestment Development Authority
16 which would reduce, impair, or prevent the fulfillment of the priorities
17 established and contained in this subsection of this 1984 amendatory and
18 supplementary act.

19 g. If a person is a licensee with regard to more than one approved hotel
20 pursuant to section 82 of P.L.1977, c.110 (C.5:12-82), the person shall
21 separately account for the gross revenues, the investment alternative tax
22 obligations, and the investments for a tax credit against the investment
23 alternative tax for each approved hotel, and the tax obligations of the licensee
24 under this section shall be determined separately for each approved hotel. The
25 licensee may apportion investments between its approved hotels; provided that
26 no amount of investment shall be credited more than once. If a licensee receives
27 the prior approval of the Casino Reinvestment Development Authority, the
28 licensee may make eligible investments in excess of the investments necessary
29 to receive a tax credit against the investment alternative tax for a given calendar
30 year, and the licensee may carry forward this excess investment and have it
31 credited to its next investment alternative tax obligation. If the Casino
32 Reinvestment Development Authority approves of such excess investment and
33 approves the carry forward of this excess investment, and a licensee elects to
34 purchase bonds of the Casino Reinvestment Development Authority or makes
35 direct investments in approved eligible projects in excess of the investments
36 necessary to receive a tax credit against the investment alternative tax for its
37 current obligation, the licensee shall be entitled to a reduction of the amount of
38 investments necessary in future years, which amount shall be determined
39 annually by the Casino Reinvestment Development Authority, taking into
40 account a current market discount rate from the date of the purchase or
41 investment to the date the purchase or investment would have been required to
42 be made.

43 h. Each casino licensee shall prepare and file, in a form prescribed by the
44 Casino Reinvestment Development Authority, an annual return reporting that
45 financial information as shall be deemed necessary by the Casino Reinvestment
46 Development Authority to carry out the provisions of this act. This return shall

1 be filed with the Casino Reinvestment Development Authority and the Casino
2 Control Commission on or before April 30 following the calendar year on which
3 the return is based. The Casino Control Commission shall verify to the Casino
4 Reinvestment Development Authority the information contained in the report,
5 to the fullest extent possible. Nothing in this subsection shall be deemed to
6 affect the due dates for making any investment or paying any tax under this
7 section.

8 i. Any purchase by a licensee of bonds issued by or offered through the
9 Casino Reinvestment Development Authority pursuant to sections 14 and 15 of
10 this act and subsection b. of this section and all approved eligible investments
11 made by a licensee pursuant to section 25 of this act and subsection b. of this
12 section are to be considered investments and not taxes owed or grants to the
13 State or any political subdivision thereof. As such, a licensee shall have the
14 possibility of the return of principal and a return on the capital invested as with
15 other investments. Investors in the bonds issued by or offered through the
16 Casino Reinvestment Development Authority shall be provided with an opinion
17 from a recognized financial rating agency or a financial advisory firm with
18 national standing that each loan of bond proceeds by the Casino Reinvestment
19 Development Authority has the minimum characteristics of an investment, in
20 that a degree of assurance exists that interest and principal payments can be
21 made and other terms of the proposed investment be maintained over the period
22 of the investment, and that the loan of the bond proceeds would qualify for a
23 bond rating of "C" or better. If an opinion cannot be obtained from a recognized
24 financial rating agency or a financial advisory firm with national standing, an
25 opinion shall be obtained from an expert financial analyst with national standing,
26 selected and hired by the Casino Reinvestment Development Authority. In
27 order to achieve a balanced portfolio, assure the viability of the authority and
28 the projects, facilities and programs undertaken pursuant to this 1984
29 amendatory and supplementary act, no more than 25% of the total investments
30 made by or through the Casino Reinvestment Development Authority with the
31 proceeds of bonds generated in each year shall be investments which would
32 qualify for a bond rating of "C," unless all holders of obligations in each year
33 agree to waive the 25% limit for that year. Nothing herein shall be interpreted
34 as limiting the Casino Reinvestment Development Authority from taking any
35 steps it deems appropriate to protect the characteristics of its investment in
36 projects or any other investments from not being real investments with a
37 prospect for the return of principal and a return on the capital invested.
38 Anything contained in this section shall not be considered a guarantee by the
39 State or any political subdivision thereof of any return of principal or interest,
40 but any purchase by a licensee of bonds or approved eligible investments made
41 by a licensee pursuant to this act shall be at the risk of the licensee. A licensee
42 or the licensees purchasing an issue of bonds issued by the Casino Reinvestment
43 Development Authority in any given year may arrange, at their option, for those
44 bonds or the investments, made by or through the Casino Reinvestment
45 Development Authority with the proceeds of those bonds, to be insured. The
46 cost of any such insurance purchased by a licensee or licensees shall be paid by

1 the licensee or licensees desiring such insurance.

2 j. The Casino Reinvestment Development Authority shall promulgate rules
3 and regulations deemed necessary to carry out the purposes of this section.

4 k. The obligation of a licensee to pay an investment alternative tax
5 pursuant to subsection a. of this section shall end for each licensed facility
6 operated by the licensee 30 years after any investment alternative tax obligation
7 is first incurred in connection with each licensed facility operated by the
8 licensee, unless extended in connection with a deferral granted by the Casino
9 Reinvestment Development Authority pursuant to subsection c. of this section.¹
10 (cf: P.L.1995, c.18, s.46)

11

12 ¹[3.] 4.¹Section 5 of P.L.1984, c.218 (C.5:12-153) is amended to read as
13 follows:

14 5. a. There is established in, but not of, the Department of the Treasury a
15 Casino Reinvestment Development Authority to consist of the following
16 members:

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

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

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

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

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

30 (6) The Attorney General and the State Treasurer, ex officio and voting;
31 [and]

32 (7) Two casino industry representatives, both of whom shall be voting
33 members, appointed by the Governor for terms of two years, except that of the
34 initial appointees, one shall serve for a term of one year and one for a term of
35 two years. No person shall be reappointed to succeed himself as a casino
36 industry representative member, and no person appointed shall be an employee,
37 officer or agent of the same casino licensee as the person whom he succeeds as
38 a casino industry representative member; and

39 (8) One member appointed by the Governor to serve ex officio as a
40 voting member, who shall be either the Commissioner of the Department of
41 Commerce and Economic Development or the Commissioner of the Department
42 of Community Affairs, or the Governor may appoint, in lieu thereof, an
43 additional member of the Casino Control Commission as a voting member.

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

46 In the appointment of members of the authority, consideration should be

1 given to achieving a membership of high quality and varied experience, with
2 special emphasis on the fields of banking, finance, investment, and housing and
3 urban development.

4 b. Each member appointed by the Governor shall hold office for the term
5 of his appointment and until his successor shall have been appointed and
6 qualified. A member shall be eligible for reappointment. Any vacancy in the
7 membership occurring other than by expiration of term shall be filled in the
8 same manner as the original appointment but for the unexpired term only.

9 c. The member or members of the Casino Control Commission appointed
10 by the Governor shall serve as a member or members of the Casino
11 Reinvestment Development Authority at the pleasure of the Governor, subject
12 to the limitations in subsections c., f., and h. of section 52 of P.L.1977, c.110
13 (C.5:12-52). ~~[The]~~Such a member may be removed or suspended from office
14 as a member of the Casino Reinvestment Development Authority as provided
15 in section 6 of this act. Any removal or suspension from office of ~~[the]~~a
16 member of the Casino Control Commission from the Casino Reinvestment
17 Development Authority shall not affect his office held as a member of the
18 Casino Control Commission. Removal from office as a member of the Casino
19 Control Commission may only be done in accordance with subsection g. of
20 section 52 of P.L.1977, c.110 (C.5:12-52).
21 (cf: P.L.1993,c.159,s.10)

22
23 ¹[4.] 5.¹ Section 7 of P.L. 1984, c.218 (C.5:12-155) is amended to read as
24 follows:

25 7. The Governor shall designate from among the appointed and voting
26 public members, a chairman and a vice chairman of the Casino Reinvestment
27 Development Authority, who shall serve in those capacities at the pleasure of
28 the Governor. The powers of the Casino Reinvestment Development Authority
29 shall be vested in the members thereof in office from time to time and
30 ~~[seven]~~eight voting members of the Casino Reinvestment Development
31 Authority shall constitute a quorum at any meeting thereof. Action may be
32 taken by motions and resolutions adopted by the Casino Reinvestment
33 Development Authority at any meeting thereof by the affirmative vote of at least
34 ~~[seven]~~eight members of the Casino Reinvestment Development Authority. No
35 vacancy in the membership of the Casino Reinvestment Development Authority
36 shall impair the right of a quorum of the members to exercise all the powers and
37 perform all the duties of the Casino Reinvestment Development Authority.
38 (cf: P.L.1995,c.18,s.42)

39
40 ¹[5.] 6.¹ Section 9 of P.L. 1984, c.218(C.5:12-157) is amended to read as
41 follows:

42 9. ~~The Attorney General and the State Treasurer, and, where appropriate,~~
43 the Commissioner of the Department of Commerce and Economic Development
44 or the Commissioner of the Department of Community Affairs, may designate
45 an officer or employee of ~~[his department]~~their respective departments and the
46 Casino Control Commission member or members on the Casino Reinvestment

1 Development Authority may designate another commissioner or employee of the
2 commission to represent them at meetings of the Casino Reinvestment
3 Development Authority, and each designee may lawfully vote and otherwise act
4 on behalf of the member for whom he constitutes the designee. Any
5 designation shall be in writing delivered to the Casino Reinvestment
6 Development Authority and shall continue in effect until revoked or amended
7 by writing delivered to the Casino Reinvestment Development Authority.

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

9

10 ¹[6.] 7.¹ (New section) The State of New Jersey hereby covenants with the
11 purchasers, holders and owners, from time to time, of any bonds secured by
12 funds derived from fees imposed for the use of casino parking spaces pursuant
13 to section 3 of P.L.1993, c.159 (C.5:12-173.3) that it shall not repeal or reduce
14 the fee so imposed under that act, while bonds entitled to benefits from the fee
15 so imposed are outstanding, and shall not modify or amend the provisions of
16 that act so as to create any lien or charge on, or any pledge, assignment,
17 diversion, withholding payment or other use of or deduction from the fee so
18 imposed which is prior in time or superior in right to any payments required to
19 be made pursuant to any bond covenants entered into with the purchasers,
20 holders and owners of the bonds so secured.

21

22 ¹[7.] 8.¹ This act shall take effect immediately.

23

24

25

26

27 Concerns investments by Casino Reinvestment Development Authority in
28 development projects in Atlantic City.